



Connecting Renewable Energy to Australian Homes

Julia Gillard and Labor
Let's move Australia forward



CONNECTING RENEWABLES

A Gillard Labor Government will invest \$1 billion over the next decade in our electricity networks to connect Australia's rich but remote renewable resources to Australian homes.

The *Connecting Renewables* initiative will transform our energy grids by bringing more renewable energy into Australian households and businesses sooner.

This initiative will develop secure, sustainable and affordable energy for the future, supporting the enhanced Renewable Energy Target and helping deliver the Government's commitment to 20 per cent of Australia's electricity supply coming from renewable sources by 2020.

Federal Labor will also invest \$100 million over four years in a new Renewable Energy Venture Capital Fund.

These new initiatives build on Federal Labor's record investments in solar power and other renewables to help transition Australia to a low pollution economy.

Australia's renewable energy wealth

Australia has some of the best renewable resources in the world. Enough sunshine falls on Australia and New Zealand on an average day to power both countries for 25 years. It is estimated that if we harnessed just one per cent of our geothermal resources, we could power Australia for 26,000 years.

But some of our richest solar, biomass, wind and geothermal resources are in remote locations like central and northern Australia, and are not connected to our main electricity networks.

The *Connecting Renewables* initiative will identify and develop projects to unlock clean energy resources for Australia's future.

Why we are doing this initiative – the evidence

Australia's electricity networks were built to support a generation mix heavily focused on fossil fuels. They are regulated to ensure that additional investment in shared infrastructure is efficient and delivers supply reliability.

To deliver renewable energy on the scale and at the speed of progress that Australia now needs, large-scale investments are required to connect new, clean, and affordable energy sources to areas where Australians live and work.

The Garnaut Review identified two barriers to network expansion that significantly slow or even halt the deployment of lower-emissions generation technology.

- The 'first mover disadvantage' means the first renewable energy project in an area bears all the cost of extending the network, allowing later projects to 'free-ride' on the investment.
- The tendency to build capacity for current needs only due to the large capital cost of transmission infrastructure, rather than building for future needs from the outset, which is cheaper.

With State and Territory Governments and the energy market institutions, Federal Labor has progressed important changes to the regulatory framework over the past year to address these problems.

This new initiative will build on these regulatory reforms, providing further support for the transformation required of Australia's energy industry if we are to meet our important climate change goals.

The *Connecting Renewables* initiative is designed to ensure that funds are disbursed to high value projects where there is a demonstrated market failure. All projects will require substantial co-contributions from other sources.

Governance arrangements that are consistent with the national energy market framework will be finalised in consultation with energy market institutions and energy, environment and infrastructure stakeholders over the next six months.

What type of projects will receive support under the program?

This program will support major transmission infrastructure investments that would not otherwise proceed without Australian Government funding.

This transitional measure will accelerate investment in supporting infrastructure so our electricity sector is well positioned to respond to a future carbon price. Projects under the initiative will transition the power industry towards cleaner energy sources, reduce cost pressures in the future, and address identified market failure.

Funding decisions will take into account existing levels of support for renewable generation projects and regions, and will consider the merits of investment in emerging areas.

The initiative could help build national infrastructure through projects such as:

- Making North West Queensland Australia's "next Pilbara" – opening a new wealth-generating mining province and bringing the wind, solar, biomass, and geothermal resources of the region to the national network.
- Using the world's best solar resource to help power the mining industry and dozens of communities in northwest Western Australia.
- Connecting the massive Cooper Basin geothermal resource to the national energy market.

The type of projects that the Fund will support will include connecting renewable generation projects to the national network, significant network augmentations, upgrading of regional interconnectors, or new interconnectors.

The first \$100 million under this program will be invested over four years.

\$100 million Renewable Energy Venture Capital Fund

A re-elected Gillard Government will also allocate \$100 million over four years to a Renewable Energy Venture Capital (REVC) Fund.

This initiative addresses another challenge facing many renewable energy companies – access to capital. The Australian Centre for Renewable Energy (ACRE) will work with financial institutions to develop structured renewable energy products to help overcome this hurdle.

The REVC Fund will make critical early-stage equity investments that leverage private funds to help commercialise emerging renewable technologies, for instance in geothermal, solar, wave and bio-energy technologies.

What has the Government already done to support renewables?

The *Connecting Renewables* initiative and the REVC Fund builds on Federal Labor's \$10 billion investments in energy efficiency, and renewable and clean energy, including through the \$1.5 billion Solar Flagships program.

This funding will support the enhanced Renewable Energy Target of 20 per cent by 2020, driving significant investments in renewable energy development and deployment.

THE COALITION'S RECORD

Tony Abbott broke the bipartisan consensus for action on climate change the night he became Liberal Party Leader, and reneged on the Liberal Party's deal to support emissions trading.

- ✘ **Instead Tony Abbott is advocating a 'direct action' policy, under which emissions will actually increase.** Estimates from the Department of Climate Change and Energy Efficiency show that under Mr Abbott's policy, emissions would increase by 13 per cent from 2000 levels.
- ✘ **Renewable energy went backwards under the former Coalition Government.** They let renewable energy drop backwards from 10.5 per cent of our national electricity supply in 1997 to only 9.5 per cent a decade later.
- ✘ **Under the former Coalition Government, Australia was part of the problem on climate change, not part of the solution.**
- ✘ **If elected Prime Minister, Mr Abbott has already made clear he would cut funding for renewable energy.** The Coalition has promised to cut hundreds of millions of dollars of climate change funding. This includes funding for renewable energy and energy efficiency.