

20 September 2022

Safeguard Mechanism Taskforce

By email: Safeguard.Mechanism@industry.gov.au

Dear Safeguard Mechanism Taskforce,

Response to *Safeguard Mechanism Reforms Consultation Paper*

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Australian Government Department of Climate Change, Energy, the Environment and Water's Consultation Paper published in August 2022 on the Safeguard Mechanism Reforms (the Consultation Paper).

CEIG represents domestic and global renewable energy developers and investors, with more than 11GW of installed renewable energy capacity across more than 70 power stations and a combined portfolio value of around \$24 billion. CEIG members' project pipeline is estimated to be more than 18GW. CEIG strongly advocates for an efficient transition to a clean energy system from the perspective of the stakeholders who will provide the low-cost capital needed to achieve it.

CEIG welcomes reforms to accelerate the energy transition

CEIG welcomes the release of the Australian Government's Consultation Paper and commends the Government for showing leadership by consulting on the Safeguard Mechanism Reforms which have the potential to accelerate the deployment of renewable energy and storage technologies.

CEIG wishes to congratulate the Government on the success of the Climate Change Bills passing both Houses. The Climate Change Bills align with CEIG's *Clean Energy Investor Principles*¹ (Principle 1: Align NEM development with global markets) which highlights the need for government to agree to an emissions reductions plan for the Australian economy,

¹ CEIG, [Clean Energy Investor Principles \(Aug-21\)](#)

and effectively for the National Electricity Market (NEM), that is consistent with Australia's commitments under the Paris Climate Agreement and with global investor expectations.

CEIG supports in-principle changes to the Safeguard Mechanism that will deliver emissions reductions consistent with Australia's commitments under the Paris Climate Agreement and agrees with the Government that:

“Australia is well placed to benefit from a more sustainable growth path. Green growth will attract new industries and jobs; and help to diversify the economy, improving energy security and reducing Australia's vulnerability to external price shocks.”

CEIG agrees with the Government that the Safeguard Mechanism to-date has not been an effective policy mechanism in reducing emissions, however, sees the potential of the policy to accelerate the uptake of renewable energy and storage technologies to assist in the delivery of large-scale, low-cost emission reductions.

Furthermore, CEIG agrees with the Government that as the world decarbonises, Australia's international competitiveness will increasingly depend on being a low-emissions producer.

Beyond achieving an electricity grid powered with 100% renewable energy that meets existing demand, facilities covered under the Safeguard Mechanism have the potential to increase demand for renewable electricity, including facilities that are determined as emissions-intensive, trade-exposed businesses (EITEs), through abatement action such as electrification or fuel-switching to renewable fuels like renewable hydrogen.

To assist the participation of EITEs in meeting their emission reduction requirements under the Safeguard Mechanism, CEIG would like to see the Government accelerate the delivery of the Guarantee of Origin (GO) scheme. The GO scheme has the potential to create a market for verified low-emissions projects resulting in additional demand for renewable generation technologies.

CEIG provides in-principle support for low-emissions technology funding through the new Powering the Regions Fund and National Reconstruction Fund, as well as through existing sources such as ARENA, CEFC, Export Finance Australia or NAIF. CEIG also welcomes the opportunity for ARENA to step in with funding to facilities covered under the Safeguard Mechanism under its new mandate to support energy efficiency and electrification projects.²

CEIG thanks the Australian Government and the Department of Climate Change, Energy, the Environment and Water for the opportunity to provide feedback on the Safeguard Mechanism Reforms and looks forward to continued engagement on this issue and on the *Powering Australia* plan more broadly.

² [Broadened ARENA mandate to include energy efficiency and electrification](#)



If you would like to further discuss any elements of this submission, our Policy Director Ms. Marilyne Crestias can be contacted at marilyne.crestias@ceig.org.au.

Yours sincerely,

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