

21 October 2022

Hon. Chris Bowen MP
Federal Minister for Climate Change and Energy
Commonwealth Government
Lodged online at: [DCCEEW Consultation hub](#)

Dear Minister,

Response to *Native Forest Wood Waste in the Renewable Energy Target - Consultation Paper*

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Commonwealth Government Department of Climate Change, Energy, the Environment and Water's Consultation Paper published in September 2022 on *Native Forest Wood Waste in the Renewable Energy* (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 supports removing the eligibility for native forest biomass to create LGCs

CEIG strongly believes that the current eligibility of power stations generating electricity from native forest biomass to create Large-scale Generation Certificates (LGCs) should be removed.

The use of native forest biomass in electricity generation and its ability to create LGCs have significant drawbacks:

- LGC eligibility creates a reputational risk for investors in clean energy assets;
- native forest biomass emits more greenhouse gas per unit of energy than coal;
- it reduces the capacity of forests for long-term carbon sequestration;
- it destroys habitat, impacts on biodiversity and creates a greater risk of bushfires; and
- it creates a new market for native timber.

For those reasons, CEIG has previously welcomed¹ the Senate Committee's recommendation into the *Climate Change Bill 2022* for the Government to review the *Renewable Energy (Electricity) Act 2000*.

¹ CEIG media release (28-Sep-22) [Clean Energy Investors Oppose the Use of Native Forests to Generate Renewable Energy Certificates](#)

The eligibility to create LGCs creates a reputational risk for clean energy investors

CEIG agrees with the Government that

“It is important that concerns over particular fuel types or its potential adverse impacts do not detract from broader market and consumer confidence in the Renewable Energy Target (LRET) and renewable energy providers.”

Maintaining the reputation of the LGC scheme is critical to ensuring that investment in clean energy assets can continue at the levels required to support the decarbonisation of the National Electricity Market. This investment effort is critical to delivering emissions reductions consistent with Australia’s commitments under the Paris Climate Agreement and needs to be underpinned by a credible green certificate scheme.

The issue of credibility is also important for any future scheme that replaces the LGC scheme: it is essential that native wood waste is also excluded upfront from being able to create green certificates in the proposed Guarantee of Origin Scheme.

The main risk comes from the potential for future LGC accreditation

CEIG notes that only one power station is currently accredited under the LRET to use native forest biomass and that it has only created a small number of LGCs.

CEIG believes that the reputational risk to the LGC scheme comes mostly from the potential for power stations to be accredited between now and 2030. As technologies develop, more power plants may seek to be accredited to open new business models and/or lengthen the life of their assets. For example, some thermal asset owners have started to investigate the potential to convert their plants from coal to biomass².

CEIG welcomes a decision before the end of 2022

CEIG welcomes the expedited timelines for this process with Government seeking to implement any necessary changes before the end of 2022. These timeframes will help to provide certainty on this important issue.

CEIG thanks the Department of Climate Change, Energy, the Environment and Water for the opportunity to provide feedback on the Consultation paper and looks forward to continued engagement on this issue. 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,



Simon Corbell
Chief Executive Officer and Chairperson
Clean Energy Investor Group Ltd

² Renew Economy (Jun-22) [Alinta seeks biomass options for Loy Yang B, says capacity market for coal could end in 2029](#)