

APIA Warns On Renewable Energy Target

The gas transmission body, Australian Pipeline Industry Association (APIA), has warned the government that its Mandatory Renewable Energy Target (MRET), could discourage clean energy innovation.

APIA is concerned an MRET level set too high, while encouraging clean energy, could lead to higher carbon emissions, in the short to medium term, if the emissions trading system is not appropriate.

APIA Chief Executive, Cheryl Cartwright, believes MRET is an example of government 'picking winners.' "It is a scheme that benefits

the currently most developed green technology, regardless of the potential of other more innovative and efficient solutions. A high MRET target will force up the price of energy production so high that the non-renewable energy production costs will need to be reduced as much as possible. Rather than encouraging reduction of carbon emissions, we could see an increase in investment in high emission coal-fired power generation, rather than investment in the 'transitional' fuel of natural gas", she said.

The government's emissions trading adviser, Professor Ross Garnaut, has called for the market

to determine the best and least expensive means of greenhouse gas reduction over a 40-year timeframe. Cartwright believes he has not sufficiently highlighted how the MRET policy will most distort the market.

"While Professor Garnaut's proposal follows sound economic theory, it ignores political reality. A scheme that can give the appearance that industry might 'not be doing enough' to reduce carbon emissions provides the potential for government intervention in the future. We encourage Professor Garnaut to also focus on the impact MRET will have on the market's ability to reduce carbon emissions", she said. ■