

21 May 2010

Senate Environment, Communications and the Arts Legislation Committee
Parliament House
CANBERRA ACT 2600

**Submission to Senate Standing Committee on Environment, Communications
and the Arts Inquiry into
the Renewable Energy (Electricity) Amendment Bill**

The National Association of Forest Industries (NAFI) supports the broad policy objectives of the amended Renewable Energy Target (RET) scheme and the separation of the RET scheme into the Large-scale Renewable Energy Target (LRET) and the Small-scale Renewable Energy Scheme (SRES). It is important that appropriate incentives are provided for renewable energy sources for both large-scale (e.g. power plant) and small-scale (e.g. household) projects.

In this context, NAFI has consistently highlighted the significant role renewable wood based energy can play in the renewable energy mix. These opportunities include both purpose built wood based bioenergy plants through to small scale biomass based furnaces for heat and electricity generation. It has been conservatively estimated, for example, that up to 3,000 gigawatt hours of electricity per annum could be generated from existing wood waste from the forest industry without having to harvest a single extra tree.

However, there remain a number of significant impediments to the use of wood waste for bioenergy in the existing regulations under the RET scheme. This includes an unnecessary and regulatory duplicative 'high value' test that not only fails to take into account existing laws and policies for sustainable forest management in Australia, but creates a piecemeal and costly impost on wood-based bioenergy projects compared to other renewable energy sources.

These issues are discussed in more detail in previous NAFI submissions in response to the Energy White Paper and earlier RET bills (refer attached). In assessing the current RET scheme, it is important that the legislation adequately promotes:

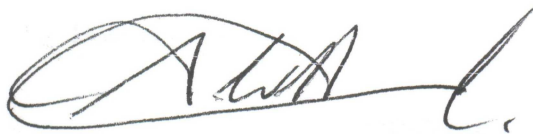
- the potential for wood-waste bioenergy in Australia;
- the provision of renewable energy for heat and electricity generation; and
- removes unnecessary barriers to the use of wood based bioenergy as part of the total energy mix.

In summary, regulatory barriers restricting the use of sustainable forestry and wood processing residues for renewable energy production should be removed to:

- enhance Australia's energy security;
- promote an efficient and cost-effective renewable energy market; and
- encourage the commercial application of wood-based renewable energy technologies.

NAFI appreciates the opportunity to make a submission to the inquiry and would be willing to appear before the Committee to further discuss the Renewable Energy (Electricity) Amendment Bill 2010 and the potential opportunities for wood based bioenergy in Australia.

Yours sincerely



Allan Hansard
Chief Executive Officer

Attachments:

NAFI submission to the Expanded National Renewable Energy Target Scheme - Exposure Draft Legislation, December 2009.

NAFI submission to the Department of Resources, Energy and Tourism White Paper on the Strategic Directions Paper for National Energy Policy – Framework 2030, June 2009.