



AUDITOR GENERAL FOR WESTERN AUSTRALIA

"Serving The Public Interest"

M E D I A S T A T E M E N T

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AUDITOR GENERAL FINDS WE CAN BE CONFIDENT ABOUT SOURCES OF RENEWABLE ENERGY

The long term growth of renewable energy generation relies heavily on consumer confidence in terms of 'getting what you pay for'. The Auditor General Colin Murphy tabled a report in parliament today which should give the general public more confidence. The report detailed findings of a study which focused on whether Western Australians could be confident that renewable energy bought and sold by state government agencies is actually electricity from renewable sources and whether energy from these sources is properly accounted for.

The study also examined:

- whether the GreenPower program is increasing the supply of renewable energy in Western Australia; and
- whether the basis of the State Government's renewable energy targets are measurable, auditable and realistic.

Currently electricity on the main South West grid in Western Australia supplies the electricity needs of more than 90 per cent of Western Australians. This electricity comes from coal, gas, diesel and renewable energy sources. Electricity from renewable sources makes up a relatively small proportion (around five per cent) of the total electricity generated on the South West Grid.

In his report Mr Murphy has stated that the public can have confidence that certified renewable energy, or energy that is certified with Renewable Energy Certificates through the Mandatory Renewable Energy Target and GreenPower programs, comes from renewable sources.

Renewable Energy Certificates record the source and amount of renewable energy generated. Retailers buy these Certificates from accredited generators and surrender them to demonstrate that they have met their targets or to cover GreenPower sales. Certificates can be bought and sold separately from the energy on which they are based. This is to allow renewable energy generators to compete with fossil fuel, or 'black', energy generators in the energy market by earning extra money from the sale of Certificates to companies with mandatory targets. This is necessary because in most circumstances at present electricity from renewable sources has a higher cost of production than electricity generated from coal and gas.

The study found that accreditation of generators and the use of Certificates to identify and record the electricity they generate enables Western Australians to be confident that when retailers sell certified

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renewable energy products a corresponding amount of renewable energy is generated. However, this generation need not be physically connected to the buyer's home or business. Consequently buyers of certified renewable energy are not paying to receive it at their home or business. Rather, they are paying to have it generated.

The study also found that since 2001-02, electricity generated by accredited renewable sources on the South West Grid has increased from one per cent of total energy generated to five per cent at June 2007 and that the mandatory target and GreenPower programs have contributed to this increase.

Further Mr Murphy believes that the Western Australian Government is on track to meet its target for six per cent of all energy on the South West Grid to be from renewable sources by 2010. The 2020 target for 15 per cent of all energy on the South West Grid to be from renewable sources should also be met if new renewable energy generating plants under construction or on the drawing board proceed.

However in terms of take up of renewable energy Mr Murphy has found that Western Australians lag behind other states. The report states that only one in every 164 Western Australian households was buying GreenPower at 30 June 2007, compared with rates of between one in nine and one in 17 in other states. Independent research suggests that Western Australians lack awareness about GreenPower and have suspicions about its legitimacy. Up to a third of the population may think it is a marketing gimmick.

Recently public concerns have been raised as to whether the new Kwinana Desalination plant is powered by renewable energy as announced by Government. Mr Murphy found that in order to fulfil its contract with the Water Corporation, Synergy purchases the equivalent of 69 per cent of all electricity generated by Emu Downs. Under the contract, the Water Corporation purchases this electricity. The amount is more than sufficient to match the electricity taken from the grid by the desalination plant.

Certificates were not part of the transaction between Synergy and the Water Corporation for electricity for the desalination plant. This means that although the Water Corporation is an important customer for the electricity generated at Emu Downs, the contractual arrangement to power the desalination plant does not ensure that additional renewable energy is generated.

In light of these findings and given the importance of increasing the use of renewable energy the Auditor General has asked agencies to ensure that they:

- better educate consumers about renewable energy;
- are transparent about what people are paying for; and
- that the Office of Energy report regularly against their renewable energy targets.

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