

13 July 2018
Energy Security Board
info@esb.org.au

Dear Energy Security Board,

Re: National Energy Guarantee – Draft detailed design consultation paper

Thank you for the opportunity to comment on the Draft detailed design consultation paper for the National Energy Guarantee.

AKD Softwoods is a 100% Australian owned and operated integrated forestry and timber processing company based in the South Western Districts of Victoria and headquartered in Colac. AKD Softwoods has 8,000 ha of radiata pine plantations located in Victoria and South Australia, two large scale sawmills in SW Victoria, one in Queensland and one in eastern Victoria, two post and preservation businesses, export operations and a transport fleet.

AKD Softwoods is a large energy consumer, using over 22 MWh of electricity and 240 terajoules of gas at its Colac facilities in 2017/18. As a key resource input to our processes, managing energy costs is an important long-term focus for the business.

Innovative partnerships and collaborative project opportunities are under development in this regard. These offer the ability to improve energy cost certainty, better utilise waste products and support sustained business growth, whilst providing shared benefits to other project partners.

In the case of renewable energy, organisations such as Barwon Water are willing to invest in collaborative projects in order to achieve their own renewable energy and emissions reduction targets. Underpinning the viability of these bespoke investments is the ability to transfer renewable energy and emissions reduction benefits (*environmental products*) from a project to Barwon Water.

The NEG should recognise the importance of voluntary trading and use of environmental products in enabling these projects and the resulting economic, social and environmental outcomes. This is currently possible via Large-scale Generation Certificates (LGCs) created from the project site, and transferred to the receiving partner. These are created from a range of sources, including behind-the-meter projects.

The consultation paper refers to the GreenPower scheme as a mechanism for voluntary action, however makes no mention of the use of LGCs in the manner described above.

The NEG should make clear allowance for the continued use of LGCs as an environmental product that enables voluntary trading of project benefits to other parties. This will help underpin the business case for innovative partnership projects.

Maintaining the ability to share project benefits in this manner will enable continued pursuit of innovative partnership opportunities, underpinning the business case for collaborative projects that deliver economic growth and prosperity, as well as other benefits to project participants.

Should you have any queries or wish to discuss our submission, please contact Richard Schaffner at our Colac facility on 03 5231 9174.

Yours sincerely,

Shane Vicary
CEO, AKD Softwoods