



6 July 2018

Department of Environment and Energy
NationalEnergyGuarantee@environment.gov.au

RE: National Energy Guarantee Draft Detailed Design for Consultation - Commonwealth Elements

Adani Australia Renewables is pleased to provide feedback to the Department of Environment and Energy on the Commonwealth elements of the National Energy Guarantee (NEG), in the hope that this can assist the finalisation of the Detailed Design. This submission is not confidential.

Adani Australia Renewables

Adani Australia Renewables vision is to generate renewable energy as part of an energy mix that is reliable, secure and affordable for all customers with a particular focus on industry, as we transition to generate lower emissions. To do this, we aim to establish a leading renewable energy business operating in Australia, which provides affordable reliable and sustainable energy solutions to industry and to the wider community. We believe all electricity users have the right to affordable and reliable energy. Delivering this will require a mix of energy types, including thermal and renewable, and technologies, including storage options.

By 2022, Adani Australia Renewables aims to have established a portfolio of renewable power plants (1500MW) which we will develop, own and operate, positioned in the lowest decile of the Australian renewable power generation cost curve. We also plan to develop sustainable energy supply solutions for industrial customers. The first two operations in Adani Australia Renewables portfolio are the Rugby Run Solar Farm in Queensland which will supply up to 170 MW in two phases, with construction now underway, and the Whyalla Solar Farm in South Australia which could supply 140 MW from 2019 and which is in advanced stages of development. We are also currently looking at other opportunities for development, or acquisition, across Queensland, NSW, Victoria, South Australia and Western Australia.

In India, Adani has 2000 MW of solar power and 750 MW of wind in operation. A solar park of 2000 MW capacity is under development in Rajasthan. The vision is to have 10 GW by 2022, using a vertically integrated model including module supply with production capacity of 1200 MW annually. India has target of 175 GW renewables by 2022 of which 100 GW is as solar and 75 GW as other renewables. Adani plans to achieve 10 GW of this national target directly and to support a further 23 GW through construction of solar parks.

We believe that our best chance of building a sustainable renewables business, and being part of a renewables industry in Australia that is itself sustainable, is to acknowledge that

Adani Renewables
Level 25
10 Eagle Street, Brisbane QLD 4000
GPO Box 2569, Brisbane QLD 4001
Australia

Tel +61 7 3223 4800
Fax +61 7 3223 4850
reception.australia@adani.com.au
www.adanirenewables.com.au



Australia's energy mix must be secure, reliable and affordable. If consumers need to choose between affordability and reduced emissions, in almost every instance they will choose affordability. Understanding the needs of our diverse customers including industry, and seeking to provide solutions that meet those needs must be a key part of our strategy. As we move towards a greater percentage of renewables we need to keep these considerations paramount.

Current Challenge

We believe that the energy transition should be designed so that Australia has global competitive advantage through a globally competitive energy price and availability given the quality and diversity of our energy resources, many of which we export to competitor economies. Adani Australia Renewables believes this is what the Australian community expects.

Role of the National Energy Guarantee

Adani Australia Renewables supports the intent of the NEG to integrate energy and emissions policy in a manner which provides investors with the confidence to commit the significant levels of capital needed to maintain reliability, drive down wholesale prices and achieve lower emissions.

We would be pleased to have the opportunity to discuss our submission in greater detail. I can be contacted via jennifer.purdie@adani.com.au or 0477 343 845. Attached to this letter, are responses to specific questions raised in the Consultation Paper on Commonwealth Elements of the NEG.

A handwritten signature in blue ink that reads "Jennifer Purdie".

Jennifer Purdie
CEO – Renewables

Responses to Specific Issues for Stakeholder Consultation raised in the Paper are provided below.

Response on:

- **The Government's proposed approach to setting the initial electricity emissions targets under the Guarantee.**
- **The Government's proposed approach to amending targets and setting future targets under the Guarantee.**

Adani Renewables supports the Government's proposed approach to setting the initial electricity supply target under the Guarantee and its proposed approach to amending targets and setting out future targets.

Adani Renewables believes that emissions reduction, reliability and especially affordability are important. The cost of renewable energy is continuing to fall both globally and in Australia. We observe a high level of competition amongst renewable energy developers. As such, we are confident that renewable energy can make a material contribution to the reduction of wholesale electricity prices.

The anticipated retirement of coal and gas fired generation plant through to 2035 will necessitate significant investment in new generation and storage. Our view is that the stability and predictability of the emissions reduction target at or near its currently proposed level is a necessary pre-condition for that investment. This stability ensures that project proponents have the confidence to invest in new generation and storage, and that project customers have to confidence to contract over the longer term. The worst outcome would be for large changes in the emissions target under the Guarantee every time the Government changes.

We believe that focus needs to be maintained upon how we ensure energy remains affordable within the constraints of emissions reduction, rather than on just hitting an emissions reduction target in any given year. This requires a stable target and a high degree of flexibility in compliance with the target through the mechanisms for carry forward of over-achievement and deferral of compliance.

We agree that the Government set annual electricity emissions targets for the next 10 years and that by 2025 targets be established for the period 2031 to 2035. Whilst difficult, if not impossible to legislate, our preference would be that any changes to the proposed emissions target trajectory under a future Government be limited to relatively small changes to the trajectory.

See also our comments on offsets below.

Response on:

- **Whether the proposed approach to streamline the RET and Guarantee exemption applications minimizes any regulatory burden for EITE entities.**

Adani Renewables acknowledges the efforts made to streamline the RET and Guarantee exemption applications.

A number of EITE entities are entering into direct power purchase agreements for renewable energy as a result of its low cost. The emissions reduction obligation of EITE entities are scaled up across each MW of non-EITE load for the purposes of the emissions reduction requirement. We hope efforts are made to ensure that emissions reductions achieved by EITE entities are appropriately counted, so that non-EITE participants do not incur costs in achieving emissions reductions already achieved by EITE entities.

Response on:

- **Whether market customers should be able to use offsets to reduce part of their emissions under the Guarantee.
The proposed approach to using offsets to be used for compliance under the Guarantee.**

Adani Renewables objective is to enable and support the transition of our electricity industry to a position where Australia once again has globally cost competitive electricity. Our view is that offsets do not assist this transition, and their application potentially creates uncertainty. The potential to change the level of offsets, that can be used to reduce the emissions reduction requirement at some future time, undermines that requirement. As such we believe there is no place for offsets in the sector.