

Labor solar scheme burns sugar industry



'Ridiculous situation': Chris Connors, CEO of NSW Sugar and Sunshine Renewable Energy, at the Condong sugar mill in far north NSW yesterday

Picture: Lyndon Mechielsen

Nicola Berkovic

HUNDREDS of jobs in the sugar industry are at risk because of a dramatic slump in the price of renewable energy credits, caused by a generous Rudd government scheme to encourage investment in solar energy.

The sugar industry yesterday warned that a \$220 million project in northern NSW could close because of the drop in the price of renewable energy certificates from more than \$50 at the start of the year to less than \$30.

The NSW Sugar Milling Co-operative completed two energy generation plants at its Condong and Broadwater mills last year.

The project, which uses a by-product of sugar cane called 'bagasse' to generate energy, supports 120 direct jobs as well as 600 farmers and 300 transport and other workers.

The co-operative's chief executive, Chris Connors, said the project was losing \$10m a year as a result of the drop in REC prices. It invested in the project with the expectation that the price of RECs would rise to \$75 in three to five years.

Under the Renewable Energy Target Scheme, electricity companies are required to buy enough RECs to meet the Rudd

government's target of 20 per cent energy from renewable sources by 2020.

But the price of RECs has almost halved in the past six months since the government raised the solar hot water rebate from \$1000 to \$1600.

Householders can claim 30 RECs when they install a solar hot water system, which represents the electricity saved from the grid over 10 years.

Green Energy Trading's Ric Brazzale said the number of RECs from solar had increased from about 350,000 a month to more than 1 million since the start of the year.

The result had been a plunge in the price of the credits.

Urging the government to intervene to protect the sugar industry's renewable energy investment and other projects, Mr Connors said: "It's a ridiculous situation where our co-operative ... has spent significant capital on a renewable energy project and it is being destroyed by ill-conceived and wrongly directed government funds.

"The government has got to fix this pretty quick."

Mr Connors said solutions could include the government buying back RECs to support the price, putting a minimum floor under the price of RECs or bringing forward renewable energy targets.

Climate Change Minister Penny Wong said the government would continue to monitor the effectiveness of the program in driving investment in renewable energy.

Nationals senator Ron Boswell said the government could not stand by while farmers lost millions of dollars invested in renewable energy in good faith.

"If you think this is a stuff up, it's nothing compared to what the ETS is going to be," he said.

Greens deputy leader Christine Milne said Senator Wong had "blithely ignored" warnings that flaws in the RET scheme would kill jobs and investment in renewable energy.

"Now the chickens are coming home to roost," she said. "It would be the simplest thing to fix this problem by making credits from solar hot water additional to the scheme, but when the Greens put that solution on the table last week, both Labor and Liberal voted it down," she said.

Concerns about the RET scheme were raised as the Greens yesterday called for a national recycling scheme ahead of a meeting of state and federal environment ministers today in Perth.

Australian Council of Recyclers chief executive Rod Welford said a national recycling scheme could create thousands of new green jobs and help the environment.

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