

Media release

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Industrial users playing blind to the benefits of RET for Tasmania

The Renewable Energy Target is a big win for Tasmania, drawing in a net benefit of more than \$100 million per year, according to a new report from the Australia Institute.

But unscrutinised and unfounded claims from Tasmania's largest industrial firms, who vocally oppose the scheme, have skewed public perceptions, the report finds.

Released today, *The RET's effect on Tasmania* examines the claim made by some of Tasmania's largest industrial electricity consumers that the RET deals a \$20 million per annum blow to their combined productivity.

Bell Bay Aluminium, Grange Resources, Norske Skog and Nyrstar are four of Tasmania's largest industrial firms, trading in aluminium, iron ore, newsprint and zinc, respectively. Together they have started the website *Take a look at the big picture*, on which they lobby heavily against the RET.

"The figures on the website are vague but they clearly - and conveniently - ignore the assistance afforded to the industry under the RET scheme," says Matt Grudnoff, a Senior Economist at the Australia Institute and author of the report.

"All four of these industrial firms receive assistance in the form of Partial Exemption Certificates, which entitle a firm's energy supplier to be exempt from the cost of the RET.

"RET assistance significantly offsets the pressure placed on industrial firms by the introduction of the RET. While rates vary annually, in 2014, Partial Exemption Certificates have covered 40 - 67 per cent of electricity costs for these businesses," Mr Grudnoff said.

The report finds that, when included in the big picture, this assistance more than halves the cost of RET claimed by the industrial firms. It finds the \$20 million dollar claim to be bogus, with even a generous estimation of combined costs being more like \$8.5 million per year for Tasmania's large industrial firms.

"The complex nature of the RET assistance scheme makes it easy for the benefits of the scheme to go unnoticed," Mr Grudnoff said.

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“Industrial firms account for 57 per cent of electricity consumption in Tasmania. This includes firms whose electricity costs are being subsidised by nearly 70 per cent.

“In practical terms, it’s not households but these industrial firms who are benefitting from the RET assistance - yet many are crying ‘foul’ on the basis of false claims.”

By far the greatest benefit of the RET to Tasmania comes in the form of renewable energy certificates, which alone draw in revenue of \$125 million every year. The RET costs electricity consumers \$22.5 million state-wide, making for an annual net benefit of more than \$100 million for Tasmania.

“On top of that, the RET generates jobs and investment in renewables, while decreasing the wholesale price of electricity, as has been the case in Tasmania.”

“Clearly, claims made against the RET by industry are not free of self-interest. They should be scrutinised the same as other voices in the national RET discussion,” Mr Grudnoff said.