

IWEA Response to SEM Committee consultation on “Bidding the Opportunity Cost of Carbon Allowance”

25th March 2008

The IWEA welcomes the SEM committee’s consultation on “Bidding the Opportunity Cost of Carbon Allowance”. We strongly support the conclusions of this paper. It is essential that the full costs of generation are reflected in participants’ bids to ensure that the market arrives at efficient long and short term outcomes. This is a fundamental requirement to the operation of a transparent and effective market that has the potential to recognise the value of renewable generation.

We also welcome the SEM Committee’s identification of one potential method for financing the development of networks that facilitate the connection of renewable generation. This is an important issue that warrants further consideration by governments and the Regulatory Authorities.