



Petratherm welcomes changes to Renewable Energy Target Scheme

Petratherm Limited has welcomed the successful passage through the Senate of legislative changes to the operation of the Renewable Energy Target (RET) scheme, saying that it expects the changes to provide greater investment certainty in the renewable energy industry.

The changes approved by the Senate split the RET scheme in two, effectively creating two separate markets, one market for large scale (LRET) projects such as geothermal, wind, solar and wave and another for small scale (SRET) for projects such as solar hot water and solar PV on homes.

The changes to the RET were made by the Federal Government in response to consultation with the renewable energy industry regarding the need for a clear and sound long term framework for investment - in particular for large scale projects - such as Petratherm's Paralana Geothermal Energy project.

"The large scale market includes a target of 41,000 GWh of renewable energy – more than double South Australia's consumption – to be achieved by 2020 with investment underpinned to 2030 through the creation and trading of Renewable Energy Certificates (RECs)" stated Petratherm Managing Director Terry Kallis.

The legal obligation to acquire RECs rests with electricity retailers, such as AGL, Origin and TRUenergy. A shortfall penalty of \$65/MWh applies to the after-tax profit of retailers that do not meet their obligations to acquire RECs.

"This is expected to place a maximum price of RECs traded at around \$93/MWh, based on a 30% company tax rate, with the actual price for RECs being set by supply and demand in the large scale market (LRET)," said Mr Kallis.

The revenue stream for large scale projects will come from two sources: the sale of electricity – at the competitive market price in the National Electricity Market – and the sale of RECs. This will be critical to underpinning project investment decisions.

"The changes to the RET are an important plank for renewable energy investment in Australia and are an excellent outcome arising from sincere industry consultation by the Federal Government and importantly, bi-partisan support for renewable energy development," said Mr Kallis.

25 June 2010

ASX Code: PTR

ABN 17 106 806 884

Level 1, 129 Greenhill Road
Unley SA 5061

T: +61 8 8274 5000

F: +61 8 8272 8141

W: www.petratherm.com.au/

E: admin@petratherm.com.au

MEDIA CONTACT:

Terry Kallis
Kieran Hall

Petratherm Limited
Hughes Public Relations

08 8274 5000
08 8412 4100 or 0422 147 151

www.petratherm.com.au