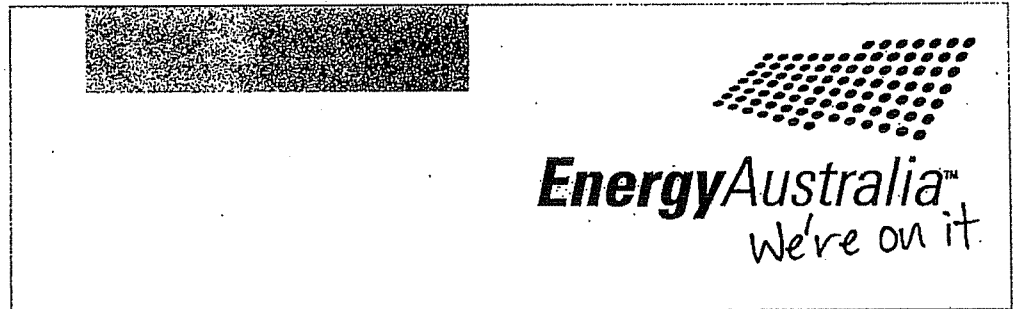


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11th April, 2008

Professor Ross Garnaut
Garnaut Climate Change Review
Level 2, 1 Treasury Place
Melbourne, VIC 3002

Dear Professor Garnaut,

Garnaut Climate Change Review – Emissions Trading Scheme Discussion Paper

EnergyAustralia welcomes the opportunity to comment on the Emissions Trading Scheme (ETS) Discussion Paper released as part of the Climate Change Review on 20 March 2008.

EnergyAustralia supports the Garnaut reviews' overall objective of reducing Australia's greenhouse gas emissions through "the development of an ETS that is simple in design, efficient in operation, and easily comprehended by market participants and the wider community" (ETS Discussion Paper, pg 12).

EnergyAustralia would like to make comment of the following points, relating to the recommendations stated in Garnaut's Discussion Paper:

Point of Obligation: EnergyAustralia supports the proposal to set the point of obligation at the point of greenhouse gas emission. For the Stationary Energy Sector this is at the electricity generator.

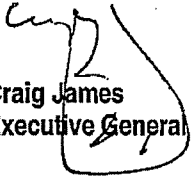
Coverage of the ETS: EnergyAustralia supports the ETS having the widest possible coverage from the onset

Interaction with other market mechanisms: EnergyAustralia would not support incorporating or linking energy efficiency schemes or the mandatory renewable target into the ETS. We encourage the Garnaut Review to investigate the implications of co-existing schemes to ensure the design and implementation of an ETS leads to a low-carbon Australian economy at least cost. However, given the significant existing financial commitment made to the MRET Scheme, EnergyAustralia would support this scheme remaining in parallel with the introduction of the ETS.

ETS responsibility and auditing: EnergyAustralia supports the proposed development of an independent Government body taking responsibility for the ETS by setting regulation

Should you wish to clarify any of these comments or if you seek any further comments, please do not hesitate to contact Bill Hannan, Manager Business Policy & Planning on (02) 9269 4275 or email bhannan@energy.com.au.

Yours sincerely,


Craig James
Executive General Manager – Finance & Corporate