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National Emissions Trading Taskforce Secretariat
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Dear Sir/Madam

**Discussion Paper – Possible Design for a
National Greenhouse Gas Emissions Trading Scheme**

I am writing in response to the request for comment on the Discussion Paper *Possible Design for a National Greenhouse Gas Emissions Trading Scheme*.

InterGen strongly supports the submission made by the National Generators' Forum, and especially notes the methodological difficulties associated with a once off allocation based on modelling which forecasts pool and carbon prices over twenty years. InterGen believes that rather than a decision being taken now on the allocation methodology there will be value in further co-operation between the industry and the Task Force to explore means of reconciling the interests of industry and government on this aspect of the regime.

I would like to draw the Task Force's attention to the desirability of considering accounting and finance issues in the design of the permit allocation framework. In particular, given the goal of compensating existing industry participants for lost profitability, the Task Force may want to consider the competitive neutrality implications of using net profit allocate permits. For example, it is questionable whether the methodology should factor in the tax status of a project, a business' depreciation policies or its level of gearing. InterGen notes that these issues are likely to be treated differently by private and public owners of industry assets. A review of the work of the Council of Australian Governments' Energy Reform Implementation Group will assist the Task Force's analysis of this issue.

Yours sincerely

Don Woodrow
Manager, Public Policy and Regulation