



Renewable Energy Target Legislation - Summary

The enhanced Renewable Energy Target (eRET) legislation finished its passage through the federal Parliament on 24th June 2010. Whilst the basic design of the enhanced RET remains as outlined in the legislation published in May, several amendments were made during its passage through Parliament.

The enhanced Renewable energy Target

Establishes two separate markets: The Large Scale Renewable Energy Target (LRET) and the Small scale Renewable Energy Scheme (SRES). These new markets will begin on 1 January 2011.

The LRET will operate in the same way as the previous RET with a 41,000 GWh target by 2020. The SRES will be uncapped and offer RECs initially at a fixed price of \$40.

Key Amendments

The following amendments were passed this week. Note: a number of the amendments come into force before 1st January 2011. This is indicated below.

General

All links to the CPRS were removed in reference to the compensation for Emissions Intensive Trade Exposed Industries. This has given EITEs exemption for the costs associated with the first 9500 gigawatt hours (GWh) of the RET where the price of the renewable energy certificates exceeds \$40.

An independent review of the operation of the legislation must be undertaken as soon as practicable after 30 June 2012 and every two years thereafter. The Minister has been given the power to determine that an emerging renewable energy technology be included as a renewable energy technology.

LRET

A clause has been inserted to cap the amount of banked RECs that will flow into the LRET. If, at the end of 2010, the number of RECs in the system exceeds 34.5 GWh, then the LRET target for 2012 and 2013 will be increased by half of the excess.

The targets for each of the years 2016 -2019 will be reduced by a quarter of the excess. This will limit the amount of banked RECS that will flow into the LRET to 20 million.



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SRES

The government is now able to reduce the \$40 clearing price by regulation. However in doing this it must take the following into consideration:

- whether the total value, in MWh, of small-scale technology certificates created in 2015 exceeded or is expected to exceed 6,000,000; and
- any changes to the costs of small generation units and solar water heaters; and
- the extent to which owners of small generation units and solar water heaters contribute to the costs of small generation units and solar water heaters; and
- the impact of the clearing house price, and the number of small generation units and solar water heaters installed, on the electricity market, including on electricity prices; and
- any other matters that the Minister considers relevant.

In making these considerations the government must obtain, and take into consideration, independent advice. Any changes made will not come into force until the following 1 April. This framework comes into force on 1st January 2011.

The government is now able to change the level of the Solar Credits multiplier through regulation. The legislation now allows for a multiplier to be applied up to the level indicated for a particular period (this level is as per the original legislation). The multiplier can now be applied to systems up to 3kw in size. This comes into force as soon as the legislation receives Royal Assent.

The legislation now requires that each year a statistically significant selection of small generation units that were installed during that year must be inspected for compliance with Australian standards and any other standards or requirements relevant to the creation of certificates in relation to that small generation unit.

The inspection must be carried out by a person or organisation who is independent of the person or organisation who designed and/or installed that small generation unit, and does not have a conflict of interest in relation to that small generation unit or administration of the matters being inspected. Information, about any failures to comply with standards or other requirements relevant to the creation of certificates in relation to small generation units must be transferred to the relevant state, territory or Commonwealth bodies with responsibility for the enforcement and administration of those standards or requirements. This comes into force as soon as the legislation receives Royal Assent.

Heat pumps above 425L capacity are no longer eligible for RECs. The legislation now requires that the REC registry includes a statement that a REC was created in relation to a solar water heater other than an air source heat pump water heater, or that it was created in relation to an air source heat pump water heater, or that it was created in relation to a small generation unit (as appropriate). This comes into force as soon as the legislation receives Royal Assent.



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Off-grid small generation units are eligible for the multiplier up to the first 20kW of the rated power output of the unit.

An off-grid small generation unit has been classified as:

Being at least 1km from the nearest main grid-line; or if less than 1km from a main grid-line the owner has written evidence from the local network service provider that the total cost of connecting the unit to the main-grid is more than \$30,000, making it uneconomic to connect the unit to the main grid.

The total number of RECs allowed to be created under this mechanism each year has been limited. The annual limits are outlined in the following table:

Maximum number of certificates		
Item	Column 1 - Period	Column 2 - Number
1	1 July 2010 to 30 June 2011	250,000
2	1 July 2011 to 30 June 2012	250,000
3	1 July 2012 to 30 June 2013	200,000
4	1 July 2013 to 30 June 2014	150,000
5	1 July 2014 to 30 June 2015	100,000

This comes into force as soon as the legislation receives Royal Assent.