

EXPLANATORY STATEMENT

Select Legislative Instrument 2011 No. 12

Issued by the Authority of the Minister for Climate Change and Energy Efficiency

Renewable Energy (Electricity) Amendment Act 2010

*Renewable Energy (Electricity) Amendment (Transitional Provisions)
Amendment Regulations 2011 (No. 1)*

Item 15 of Schedule 2 to the *Renewable Energy (Electricity) Amendment Act 2010* (the Amendment Act) provides that the Governor-General may make regulations prescribing matters required or permitted by Schedule 2 to the Act, or necessary or convenient to be prescribed for carrying out or giving effect to the Schedule.

The *Renewable Energy (Electricity) Act 2000* (the Principal Act) establishes a Renewable Energy Target (RET) scheme, designed to ensure that the equivalent of 20 per cent of Australia's electricity supply is generated from renewable sources by 2020. The Amendment Act amended the Principal Act to separate the RET scheme into two components - the Large-scale Renewable Energy Target (LRET) and the Small-scale Renewable Energy Scheme (SRES).

The Regulations make two minor administrative amendments to the *Renewable Energy (Electricity) Amendment (Transitional Provisions) Regulations 2010* (the Transitional Regulations) to extend the period during which certain applications would be accepted and the timeframe within which the Renewable Energy Regulator (the Regulator) must publish certain information on its website.

The Principal Act provides for the creation of two categories of renewable energy certificates (RECs) under the RET which liable parties access from renewable energy suppliers in order to surrender against their liabilities under the LRET and SRES.

Large-scale generation certificates (LGCs) are taken to be:

- all RECs created before the commencement of the LRET and SRES on 1 January 2011;
- all RECs created by accredited power stations; and
- RECs created (after 31 December 2010) for small generation units and solar water heaters that were installed before 1 January 2011.

All other certificates are created as small-scale technology certificates (STCs), that is, RECs created for installations of small-scale renewable energy technologies such as household solar photovoltaic systems and solar water heaters installed from 1 January 2011.

Compared to the previous RET scheme with the single, floating price certificate market, LGCs and STCs are traded in two separate markets – an LGC market with a floating price, and an STC

market where a \$40 price may be obtained through the voluntary clearing house established under the SRES.

Item 7 of Schedule 2 to the Amendment Act provides that regulations may establish transitional arrangements where the changes to the RET scheme have affected contracts that involved the supply of certificates from 1 January 2011, where those contracts were entered into on the basis of one certificate and one market before the Government announced on 26 February 2010 its intention to separate the RET into two parts.

The Transitional Regulations established a mechanism where either party to a contract that met the requirements of sub-item 7 (1) of Schedule 2 of the Amendment Act was able to apply to the Regulator for an 'annual transfer number' of STCs required to be transferred under the contract to be transferred as LGCs. An application was required to be made before the commencement of the LRET and SRES arrangements on 1 January 2011. The Transitional Regulations also prescribe that the Regulator must publish on its website before 1 April 2011 the aggregate of the annual allocations for each year.

The Regulations make a minor amendment to extend the timeframe within which applications are able to be made and consequently to extend the date by which the Regulator is required to publish the total number of certificates able to be transferred under these contracts.

Details on the Regulations are provided in the [Attachment](#).

Consultation

The Department of Climate Change and Energy Efficiency undertook extensive consultation on the transitional arrangements which allow parties to eligible contracts to apply to convert STCs to LGCs, including through a public consultation process during late 2010 and additional consultation with affected industry stakeholders in regard to extending the application date was undertaken in 2011.

Authority: Items 7 and 15 of Schedule 2 to the
Renewable Energy (Electricity)
Amendment Act 2010

Details of the *Renewable Energy (Electricity) Amendment (Transitional Provisions) Amendment Regulations 2011 (No. 1)*

Regulation 1 – Name of Regulations

Regulation 1 provides that the title of the Regulations is the *Renewable Energy (Electricity) Amendment (Transitional Provisions) Amendment Regulations 2011 (No. 1)*.

Regulation 2 – Commencement

Regulation 2 provides that the Regulations commence on the day after registration on the Federal Register of Legislative Instruments.

Regulation 3 – Amendment of *Renewable Energy (Electricity) Amendment (Transitional Provisions) Regulations 2010*

Regulation 3 provides that Schedule 1 to the Regulations amends the *Renewable Energy (Electricity) Amendment (Transitional Provisions) Regulations 2010*.

Schedule 1 – Amendments

Item 1 – Paragraph 7 (2) (a)

This item extends the timeframe that applications for an annual transfer number are required to be made to the Regulator by replacing the timeframe of ‘before 1 January 2011’ with ‘before 12 March 2011’.

The extension in the timeframe for applications for an annual transfer number is intended to provide flexibility, within a limited timeframe, for applications that were not able to be made by 31 December 2010 to be made.

Item 2 – Subregulation 12 (2)

This item extends the timeframe within which the Regulator is required to publish on its website the total number of certificates eligible for transfer in each year under its annual transfer number determinations. This item requires that the total number of certificates under annual transfer number allocations be published by 20 May 2011.

The extension of time for publishing the aggregate of annual transfer numbers is intended to take into account the time for processing any annual transfer number applications received during the extended application timeframe in item 1, while balancing the need to provide timely information to the RET market as to the total number of STCs eligible to be transferred as LGCs. It is intended that the Regulator would publish an interim aggregate of annual transfer numbers earlier than 20 May 2011. As many of the applications are expected to be completed by 1 April 2011, this would provide industry stakeholders with an early indication of the number of STCs eligible to be transferred as LGCs under the annual transfer arrangements prior to the formal publication date.