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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**RENEWABLE ENERGY (ELECTRICITY) (CHARGE) AMENDMENT BILL
2009**

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Climate Change and Water,
Senator the Honourable Penny Wong)

RENEWABLE ENERGY (ELECTRICITY) (CHARGE) AMENDMENT BILL 2009

The purpose of this Bill is to support implementation of the Commonwealth Government's commitment to expand its Mandatory Renewable Energy Target (MRET) scheme, which includes a legislated target of 9 500 gigawatt-hours (GWh) in 2010 to a national Renewable Energy Target (RET) scheme which includes a target of 45 000 GWh in 2020. The expanded scheme will deliver the Government's commitment that the equivalent of at least 20 per cent of Australia's electricity supply is generated from renewable sources by 2020.

In particular, the Bill will increase the charge payable by non-compliant liable parties (the shortfall charge). The Bill complements amendments being made in the Renewable Energy (Electricity) Amendment Bill 2009.

The national RET scheme has been designed in cooperation with the States and Territories through the Council of Australian Governments (COAG) and brings the existing MRET and existing state-based targets into a single national scheme.

The legislation underpinning the current MRET scheme comprises the *Renewable Energy (Electricity) Act 2000* (the Act); the *Renewable Energy (Electricity) Charge Act 2000* (the Charge Act); and the *Renewable Energy (Electricity) Regulations 2001* (the Regulations).

Under the Act, wholesale purchasers of electricity ('liable parties') are required to meet a share of the renewable energy target in proportion to their share of the national wholesale electricity market. The Act provides for the creation of renewable energy certificates (RECs) by generators of renewable energy. One REC represents one megawatt hour (MWh) of electricity generated from eligible renewable energy sources. Installations of solar water heaters and small generation units (including rooftop solar PV, small wind turbines and micro-hydro systems), are able to create RECs under deeming arrangements prescribed in the Regulations. The RECs, once registered, are able to be traded and sold to liable parties who may surrender them to the Renewable Energy Regulator to demonstrate their compliance under the scheme and avoid paying the shortfall charge. The Charge Act sets the level of the shortfall charge for non-compliance.

Details of the Bill are set out in the [Attachment](#).

Financial Impact Statement

Refer to the statement in the Explanatory Memorandum for the Renewable Energy (Electricity) Amendment Bill 2009.

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AMENDMENT BILL 2009**

NOTES ON CLAUSES

Clause 1 - Short title

1. This clause provides that the short title by which the Act may be cited is the Renewable Energy (Electricity) (Charge) Amendment Act 2009.

Clause 2 - Commencement

2. Clause 2 states that the Act commences on the day after it receives Royal Assent.

Clause 3 - Schedule

3. This clause provides that each Act specified in a Schedule is amended or repealed as set out in that Schedule, and any other item in a Schedule has effect according to its terms.

**SCHEDULE 1 – AMENDMENT OF THE RENEWABLE
ENERGY (ELECTRICITY) (CHARGE) ACT 2000**

Item 1 – Subsection 6(1)

4. This item omits the \$40 shortfall charge per megawatt-hour and replaces it with a shortfall charge of \$65 per megawatt-hour.

Item 2 - Application

5. This item clarifies that the \$65 shortfall charge applies to shortfalls that occur in the calendar years between 1 January 2010 and 31 December 2030.
6. The item also clarifies that renewable energy certificate shortfall has the same meaning as in the *Renewable Energy (Electricity) Act 2000*.