



Renewable Energy (Electricity) (Charge) Amendment Bill 2010

Anita Talberg
Science, Technology, Environment and Resources Section

Juli Tomaras
Law and Bills Digest Section

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Renewable Energy (Electricity) (Charge) Amendment Bill 2010

Date introduced: 12 May 2010

House: House of Representatives

Portfolio: Climate Change, Energy Efficiency and Water

Commencement: Sections 1 to 3 on Royal Assent. Items in Schedule 1 commence at the same time as Part 1 of Schedule 1 of the Renewable Energy (Electricity) Amendment Bill 2010, that is, 1 January 2011.¹

Links: The [links](#) to the Bill, its Explanatory Memorandum and second reading speech can be found on the Bills page, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The Renewable Energy (Electricity) (Charge) Amendment Bill 2010 (the Bill) amends the *Renewable Energy (Electricity) (Charge) Act 2000* (the Charge Act) to relate only to the generation of electricity from large-scale renewable energy projects. It sets the large-scale renewable energy shortfall charge at \$65.

Background

This Bill supports the amendments outlined in the Renewable Energy (Electricity) Amendment Bill 2010 to separate the existing Renewable Energy Target (RET) scheme into two parts: the Large-scale Renewable Energy Target (LRET) and the Small-scale Renewable Energy Scheme (SRES). Details and background on the enhanced RET (eRET) scheme, the LRET and the SRES are contained in the [Digest](#) of the Renewable Energy (Electricity) Amendment Bill 2010.²

Under the current RET scheme, liable entities (electricity retailers and other wholesale electricity buyers) that fail to surrender sufficient ‘renewable energy certificates’ (RECs) to the relevant Commonwealth regulatory body must pay a ‘shortfall’ charge of \$65 per mega-watt hour. The REC liability is calculated as a percentage of the electricity purchased or generated, and known as the renewable power percentage (RPP). The RPP encompasses both large- and small-scale generation of renewable energy for electricity.

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1. Assuming that Bill is passed in its current form.
 2. A Talberg and J Tomaras, *Renewable Energy (Electricity) Amendment Bill 2010*, Bills Digest, No. 166, 2009–10, Parliamentary Library, Canberra, 2010, viewed 11 June 2010.

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Under the proposed eRET, liable entities will still have to surrender the relevant numbers of RECs or face a shortfall charge. They will be required to surrender RECs generated *both* under the LRET (such RECs are known as LRECs) and or SRES (such RECs are known as SRECs). This Bill specifies that the shortfall charge in relation to LRECs, is \$65, the same as both the charge under the existing RET scheme and the charge that will apply for SRECs. The \$65 charge relating to SRECs is to be set by a companion Bill, the Renewable Energy (Electricity) (Small-scale Technology Shortfall Charge) Amendment Bill 2010.

Assumedly, the legislative differentiation between large-scale and small-scale shortfall charges is provided to allow future flexibility in altering one independently of the other.

Financial implications

The relevant part of the Explanatory Memorandum refers readers to the Explanatory Memorandum for the Renewable Energy (Electricity) Amendment Bill 2010, which states:

The Office of the Renewable Energy Regulator (ORER) will receive an additional \$6 million in 2010-11 to implement the changes outlined in this Bill. This includes \$4.5 million in capital funding to modify and expand the existing information technology system to enable the ORER to implement the clearing house functions.

The impact on Government revenue is dependent on any change in the number of renewable energy certificates that are traded. Administered revenue is received by the ORER from a number of statutory fees including fees for the creation and surrender of renewable energy certificates.³

Main provisions

Item 3 repeals **section 5** replacing it with a reference to *large-scale generation shortfall charge*. It correspondingly imposes the tax liability assessed under Subdivision B of Division 1, Part 4 of the *Renewable Energy (Electricity) Act 2000*.

Item 4 provides that the \$65 large-scale generation shortfall charge applies for the year that this schedule commences and later years: 1 January 2011 – 31 December 2030. Thus, the unamended Act will continue to apply the 2010 liability, assessed by 14 February 2011 by reference to a liable entity's acquisition statement.

3. Explanatory Memorandum, Renewable Energy (Electricity) Amendment Bill 2010, p. 3.

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