

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 112
Hearing: Budget Estimates
Outcome: Agency
Programme: Clean Energy Regulator
Topic: LARGE-SCALE CERTIFICATES
Hansard Page: N/A
Question Date: 02 June 2014
Question Type: Written

Senator Back asked:

Will you please provide a brief description of the Large-scale certificate issue, validation and surrender process?

Answer:

Large-scale Generation Certificate Issue and Validation Process

Large-scale Generation Certificates (LGCs) are issued to power stations accredited under the *Renewable Energy (Electricity) Act 2000* (the Act) and the Renewable Energy (Electricity) Regulations 2001 (the Regulations). Following their accreditation, all accredited RET power stations must submit their generation data to the Clean Energy Regulator on a minimum monthly basis along with a signed standing notice document.

The generation data is submitted to the Clean Energy Regulator by accredited RET power stations. The data is assessed as per the agreed and approved LGC methodology by the Clean Energy Regulator in accordance with Regulation 14 of the Regulations. Once the LGC eligibility is calculated, it is entered into the online Renewable Energy Certificate Registry (the REC Registry) for each power station and the accredited RET power stations are notified by email of their LGC entitlements.

The accredited RET power stations can either create LGCs and then submit the generation data to the Clean Energy Regulator, or submit the generation data to the Clean Energy Regulator and seek the correct quantity of LGCs that they are entitled to create. In either case, the LGCs are only issued to the accredited RET power stations once the Clean Energy Regulator has checked their entitlements and validated (passed or failed) the LGCs.

The proponent of the accredited RET power stations must pay an 8 cent fee for each validated LGC in order for the LGC to become registered. As soon as the certificates are registered they can be traded in the REC market.

Large-scale Generation Certificate Surrender Process

The Act places a legal liability on liable entities (usually electricity retailers) to purchase and surrender LGCs based on the amount of electricity they purchase each year. The amount of certificates to be surrendered is determined by the Renewable Power Percentage (RPP) and the Small-scale Technology Percentage which are published annually in the Regulations by the Clean Energy Regulator.

RET liable entities acquit their liabilities by surrendering LGCs on an annual basis. The amount of this liability is determined by both the size of their electricity acquisitions in megawatt hours and the RPP. Liable parties generally purchase LGCs to surrender to the Clean Energy Regulator through the open certificate market.

Where a RET liable entity fails to surrender sufficient LGCs to acquit their current LGC liabilities, and the shortfall is greater than 10 per cent of the LGC liability, the RET liable entity must pay the Large-scale Generation Shortfall Charge at the rate of \$65.00 per LGC.

The Clean Energy Regulator takes a risk based approach to the verification of LGC liabilities using third party checks to ensure reported amounts of electricity acquisitions are correct (for example checking against metering data held by Australian Energy Market Operator, Independent Market Operator WA and other state electricity grid operators). The Clean Energy Regulator then completes a verification process in the REC Registry before all surrendered certificates are marked as invalid due to surrender. Once certificates are accepted by the Clean Energy Regulator, liable entities are required to pay an 8 cent surrender fee per accepted certificate.