Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry Portfolio
Supplementary Budget Estimates 2014-15
23 October 2014

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: Budget and Staffing of ECA

REFERENCE: Question on Notice (Hansard, 23 October 2014, page 123)

QUESTION No.: SI-63

Senator CONROY: Can you please outline the proposed operational budget and proposed staffing profile of ECA?
Dr Locke: I think elements of that are still to be agreed by the ministerial council, so I might have to take that on notice.
Senator CONROY: Okay. On the renewable energy target, can you update us on the rate of private investment in renewable energy this year?
Mr Hoffman: The formal calculations of the actual amounts under the RET legislation are done by the Clean Energy Regulator, which is in the environment department. So that is a matter for the environment department and its portfolio agency, but I am happy to take that on notice.

ANSWER

<u>Proposed Operational Budget and staffing profile of ECA</u>

The COAG Energy Council will be considering ECA's budget for the first full financial year period (2015-16) at its meeting on 11 December 2014.

ECA will be established as a company limited by guarantee with a Board of five Directors and led by a Chief Executive Officer (CEO). The ECA Board, once appointed, will be required to submit its proposed budget to the Energy Council for approval each year and with a forward looking budget for the following three years.

The ECA Board will also take a decision on the ECA CEO. The Board and CEO will then likely look to determine the staff profile of the organisation based on its strategic priorities and the available budget. These strategic priorities will be determined in line with the objects and activities as laid out in the ECA company constitution and in consultation with stakeholders including consumer advocates, industry, government and regulators.

Clean Energy Regulator

The Clean Energy Regulator advises that the current apparent surplus of Large–scale Generation Certificates is likely to be approximately 25 million at the next liability surrender deadline of 14 February 2015. However, as a large amount of this surplus is held by a relatively small number of participants for hedging and financing purposes, the true 'surplus' in the market is substantially lower and 25 million is not a true indication of the excess certificates. Based on current legislative targets and analysis of the project pipeline, it is estimated that the surplus of certificates could be completely absorbed by late 2017; however supply and demand is likely to come into balance sooner due to the above market liquidity requirements (*SI-61 refers*).