

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Prime Minister and Cabinet Portfolio**

**Department of the Prime Minister and Cabinet**

**Question: PM20b**

**Topic: RET Review - Terms of Reference**

**Type of Question: Hansard, F&PA 8 February 2010 pp70**

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**Number of pages: 3**

**Senator PAYNE-Is it possible, Dr Dickson, to tell us the terms of reference of the review?**

**Dr Dickson-I do not have the detail for you, sorry.**

**Senator PAYNE-On notice, if you do not have them with you?**

**Dr Dickson-Yes, we can provide the terms of reference.**

**Answer:**

The terms of reference for the COAG Review of Specific Renewable Energy Target Issues (the RET Review) are set out in Attachment A.

On 24 November 2009, the Government announced that two new issues would form part of the review:

“The current COAG process will review specific [RET] issues to consider whether new waste coal mine gas projects should be eligible under the RET; and whether annual targets under the RET should be increased to offset the number of additional Renewable Energy Certificates not backed by generation as part of the ‘Solar Credits’ mechanism.”

In addition, as announced on 9 November 2009 by the then Minister for Climate Change and Water, the review has also been considering “factors that may be impacting upon the Renewable Energy Certificate (REC) market in the short and long term”.

## **COAG Terms of Reference - Review of Specific Renewable Energy Target (RET) Issues (issues 1 to 3)**

The expanded national Renewable Energy Target (RET) scheme will deliver on the Government's commitment to ensure that 20 per cent of Australia's electricity supply is from renewable sources by 2020.

Legislation to implement the expanded national RET scheme was passed by the Commonwealth Parliament on 20 August 2009.

As part of the process of designing the RET scheme the Council of Australian Governments (COAG) agreed to examine further some of the eligibility provisions of the RET for new small-scale technologies as well as heat pumps and rules for off-grid resource projects to ensure that the eligibility rules remain relevant over time to reflect new technologies and recent developments in renewable technology and resource project development structures.

Following discussions on the RET legislation, the COAG review is also to consider whether it would be feasible to introduce a measure to provide support to off-grid renewable generation within the RET.

The Review is to provide a report to COAG before end-2009 regarding:

1. Whether any new small-scale renewable technologies that are not currently eligible should be included in the RET, as well as the eligibility of heat pumps. The review will have regard to:
  - 1.1. The extent to which the technology is cost-effective, reliable, and able to be readily deployed in the market.
  - 1.2. The impact that inclusion in the RET would have on deployment of existing eligible technologies and the market for Renewable Energy Certificates. There would be no change to annual targets under the RET legislation.

New small-scale technologies will be limited to devices which, drawing from a renewable energy source, either generate electricity or replace electrical devices (thereby displacing fossil-fuel based electricity consumption).

The review will also consider whether a regular process for assessing the eligibility of new technologies under the RET would be appropriate, also having regard to the impact on investor certainty.

2. Whether changes should be made to the current provisions that allow for exemption from liabilities under the RET based on 'self-generation', which mainly affect off-grid remote resource projects. In particular, whether the rules continue to meet the original policy intent of excluding such projects, without creating unintended impacts on the RET's overall objective to support the deployment of renewable energy. The review will have regard to:
  - 2.1. Recent developments in resource project development structures.
  - 2.2. The potential for the self-generation provisions to create perverse incentives for companies to structure their operations, to avoid RET liability, or otherwise distort resource development decisions.

3. Whether the Solar Credits or a similar mechanism under the RET should be used to provide incentives for off-grid renewable generation, and the extent to which it would benefit remote communities, particularly indigenous communities. The review will have regard to:
  - 3.1. The experience of the former Remote Renewable Power Generation Program (RRPGP) and whether its program parameters remain relevant: notably with respect to remoteness from grid, connection costs and the current and likely future cost of small-scale renewable technologies and other power generation technologies.
  - 3.2. The impact that inclusion in the RET would have on deployment of existing eligible technologies and the market for Renewable Energy Certificates. There would be no change to annual targets under the RET legislation.