

# **THE RENEWABLE ENERGY TARGET SCHEME**

Amending legislation to implement the Government's reforms to the Renewable Energy Target (RET) was agreed to by the Australian Parliament on 23 June 2015.

The package of reforms includes measures that will provide certainty to industry, encourage further investment in renewable energy and better reflect market conditions.

The RET has been amended to:

- protect Australian jobs and help industries remain competitive by increasing assistance for all emissions-intensive trade-exposed industries to 100 per cent exemptions from all RET costs
- remove the requirement for biennial reviews of the scheme and replace them with regular status updates by the Clean Energy Regulator, to provide more certainty to industry and transparency to consumers
- reinstate biomass from native forest wood waste as an eligible source of renewable energy, including the same safeguards that were in place prior to removal of this source from eligibility in late 2011.

The Government will also work to progress reforms to improve the scientific understanding of wind turbine noise and the monitoring and transparency of

information relating to the operation of wind turbines. The scope of these reforms is subject to the outcomes of the final report of the Senate Select Committee on Wind Turbines and agreement of the states and territories where appropriate.

The Government is also considering options to enhance the uptake of large-scale solar technology, other renewable energy technologies and energy efficiency.

## **Large-scale Renewable Energy Target**



Since January 2011 the RET scheme has operated in two parts—the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET).

The LRET creates a financial incentive for the establishment or expansion of renewable energy power stations, such as wind and solar farms or hydro-electric power stations. It does this by legislating demand for Large-scale Generation Certificates (LGCs). One LGC can be created for each megawatt-hour of eligible renewable electricity produced by an accredited renewable power station. LGCs can be sold to entities (mainly electricity retailers) who surrender them annually to

the Clean Energy Regulator to demonstrate their compliance with the RET scheme's annual targets. The revenue earned by the power station for the sale of LGCs is additional to that received for the sale of the electricity generated.

The LRET includes legislated annual targets which will require significant investment in new renewable energy generation capacity in coming years. The large-scale targets ramp up until 2020 when the target will be 33,000 gigawatt-hours of renewable electricity generation.

## **Small-scale Renewable Energy Scheme**

The SRES creates a financial incentive for households, small businesses and community groups to install eligible small-scale renewable energy systems such as solar water heaters, heat pumps, solar photovoltaic (PV) systems, small-scale wind systems, or small-scale hydro systems. It does this by legislating demand for Small-scale Technology Certificates (STCs). STCs are created for these systems at the time of installation, according to the amount of electricity they are expected to produce or displace in the future. For example, the SRES allows eligible solar PV systems to create, at the time of installation, STCs equivalent to 15 years of expected system output. RET-liable entities with an obligation under the LRET also have a legal requirement under the SRES to buy STCs and surrender them to the Clean Energy Regulator on a quarterly basis.

While it is possible for owners of renewable energy systems to create and sell the STCs themselves, in practice, installers of these systems usually offer a discount on the price of an installation, or a cash payment, in return for the right to create the STCs.

## **Clean Energy Regulator**

The Clean Energy Regulator oversees the operation of the RET scheme in accordance with the RET legislation. The Department of the Environment provides policy advice and implementation support for the scheme.

Further information about the RET, including fact sheets, registration and accreditation forms can be found on the Clean Energy Regulator's.

## **Review of the RET Scheme**

A number of reviews of the RET scheme legislation have been conducted. On 17 February 2014, the Minister for the Environment and Minister for Industry announced arrangements for a review by an Expert Panel.

The Expert Panel has completed its review and provided a report to the Government. The report and further information about the review, including the Terms of Reference, can be found on the Department of the Prime Minister and Cabinet.

The Climate Change Authority's statutory review of the operation of the RET under s162 of the Renewable Energy (Electricity) Act 2000 was presented to the Government on 22 December 2014 and tabled in both Houses of Parliament early in 2015. The Government's response to this review was tabled in Parliament on 7 August 2015.

## **Other support for renewables**

### **Australian Renewable Energy Agency**

The independent Australian Renewable Energy Agency (ARENA) complements the RET scheme. ARENA streamlines and coordinates the administration of support for research and development, demonstration and commercialisation of renewable energy technologies.

### **Solar Towns**

The Solar Towns Programme will provide Australian communities with an opportunity to engage at a local level with clean renewable energy, improve local environments, generate a sense of community ownership and self reliance, and improve local community outcomes.

Source: <https://www.environment.gov.au/climate-change/renewable-energy-target-scheme>