Renewable Energy (Electricity) (Small-scale Technology Shortfall Charge) Bill 2010

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Renewable Energy (Electricity) (Small-scale Technology Shortfall Charge) Bill 2010

Date introduced: 12 May 2010
House: House of Representatives
Portfolio: Climate Change, Energy Efficiency and Water

Commencement: Sections 1 and 2 on Royal Assent. Sections 3 to 7 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

Relating to the generation of electricity from small-scale renewable energy projects, the Renewable Energy (Electricity) (Small-scale Technology Shortfall Charge) Bill 2010 (the Bill) sets the rate of charge payable under the Renewable Energy (Electricity) (Charge) Act 2000 (the Charge Act). It sets the small-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

1. Assuming that Bill is passed in its current form.

Warning:
This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.
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purchased or generated, and known as the renewable power percentage (RPP). The RPP encompasses both large-scale and small-scale generation of renewable energy for electricity.

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 SRECs, is $65, the same as both the charge under the existing RET scheme and the charge that will apply for LRECs. The charge relating to LRECs is to be set by a companion Bill, the Renewable Energy (Electricity) (Charge) Amendment Bill 2010.

The splitting of the SREC and LRET shortfall charges into separate legislative devices could potentially 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.  

Main provisions

Clause 3 makes it clear that identical expressions used in this Act and the Renewable Energy (Electricity) Act 2000 will have the same meaning.

Clause 4 provides that, while the Act will not bind the Crown in right of the Commonwealth, it will bind the Crown in right of each of the States, the Australian Capital Territory and the Northern Territory.

Clause 5 imposes the small-scale technology shortfall charge that is payable under the Renewable Energy (Electricity) Act 2000.

Clause 6 establishes a separate rate of shortfall charge (penalty) at $65 per megawatt hour for the failure to surrender a mandated quantity of RECs annually.

Clause 7 makes it clear that the Act does not impose a tax on ‘property of any kind, belonging to a State’.

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4. ‘Property of any kind belonging to a State’ has the same meaning as in section 114 of the Commonwealth Constitution.

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