



Fact Sheet

Enhanced Renewable Energy Target

Introduction

On 26 February 2010 the Minister for Climate Change and Water, Senator the Hon Penny Wong, and the Minister Assisting the Minister for Climate Change, the Hon Greg Combet AM MP, announced changes to be made to the Renewable Energy Target scheme. From January 2011, the existing scheme will include two parts – the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET).

These revised arrangements will deliver on the Government's 20 per cent by 2020 Renewable Energy Target (RET). The changes will enhance the scheme by providing greater certainty for households, large-scale renewable energy projects and installers of small-scale renewable energy systems like solar panels and solar water heaters.

Combined, the new LRET and SRES are expected to deliver more renewable energy than the existing 45,000 gigawatt-hour target in 2020. The degree to which the 20 per cent target is exceeded will depend on the uptake of small-scale technologies by households, small business and community groups.

The LRET portion of the target will be increased to ensure the 20 per cent by 2020 target is still met if the uptake of small scale technologies is lower than anticipated.

Small-scale Renewable Energy Scheme (SRES)

The new SRES has been designed to deliver households, small business and community groups, \$40 for each Renewable Energy Certificate (REC) created by small-scale technologies like solar panels and solar water heaters.

Under the existing *Solar Credits* initiative, the new fixed price of \$40 per REC will see a Sydney household that installs a 1.5 kilowatt solar panel system in 2011 benefit from an upfront subsidy of \$6,200 through RECs. If the same household decides to install a typical solar water heater they will receive RECs worth \$1,200. More information on the rates of assistance for the full range of small-scale technologies in each state will be made available at www.climatechange.gov.au shortly.

The number of systems receiving support under the SRES will be uncapped to ensure small-scale installers have certainty. The Government will review the operation of the SRES in the context of the planned 2014 statutory review of the Renewable Energy Target to ensure the fixed price for RECs remains relevant.



Entities such as electricity retailers currently liable under the RET will be obligated to purchase RECs from both the LRET and the SRES. The details of the new mechanism for obliging liable parties to purchase RECs created through the SRES will be finalised in consultation with stakeholders.

Large-scale Renewable Energy Target (LRET)

These changes to the existing scheme will ensure the market for critical large-scale projects like wind farms, solar and geothermal can develop and grow free from any uncertainty that may have been caused by strong demand for small-scale renewable technologies.

The LRET's 41,000 GWh target for 2020 has been set to achieve a level of large-scale renewable electricity generation above what was expected under the existing Renewable Energy Target. The new LRET annual targets (to commence in 2011) for large-scale renewable electricity generation are listed in the table below.

Year	Revised targets (GWh)
2011	10,400
2012	12,300
2013	14,200
2014	16,100
2015	18,000
2016	22,600
2017	27,200
2018	31,800
2019	36,400
2020 - 2030	41,000

Existing banked RECs will be able to be used by liable entities to meet obligations under the LRET. This is intended to ensure that the changes don't impact on liquidity available in the market.

How will these changes impact on electricity prices?

The Department of Climate Change estimates that these changes will increase the cost of electricity for the average household by less than \$4 per year.

Next steps

The Government will shortly release an industry consultation paper on the new RET arrangements and will consult with stakeholders on the implementation aspects of the scheme. The Government intends to legislate the changes in the Winter Sittings of Parliament. The Government will also continue to work with state and territory governments to respond to the other issues being considered by the Council of Australian Governments' Review of Specific RET Issues.

For more information, contact the Department of Climate Change at RET@climatechange.gov.au.