

Energy Alert

Summary of proposed amendments to the Renewable Energy Target

WHAT YOU NEED TO KNOW

- The Federal Government and Labor opposition have reached a bipartisan deal to reduce Australia's Large-Scale Renewable Energy Target to 33,000 GWh.
- To give effect to the revised Renewable Energy Target, the *Renewable Energy (Electricity) Amendment Bill 2015* was tabled in Parliament and proposes a number of changes to the *Renewable Energy (Electricity) Act 2000* (Cth).
- This alert provides a high level summary of those key changes.

WHAT YOU NEED TO DO

- If the changes to the Renewable Energy Target are likely to impact on your business, you should consider the amendments proposed by the *Renewable Energy (Electricity) Amendment Bill 2015*.
- Additionally, watch this space for our next update which will provide a more detailed analysis on what these changes mean for the renewable energy industry in Australia.

Background

On 18 May 2015, the Federal Government and Labor opposition announced that they had reached a bipartisan deal to reduce Australia's Large-Scale Renewable Energy Target (**RET**) from the current target of 41,000 GWh to 33,000 GWh by 2020.

To implement this change, and make other consequential amendments to the Renewable Energy Scheme, the *Renewable Energy (Electricity) Amendment Bill 2015* (**Bill**) was tabled in Parliament on 27 May 2015.

Overview of the Bill

The Bill amends the *Renewable Energy (Electricity) Act 2000* (Cth) (**REE Act**) and the *Renewable Energy (Electricity) Regulations 2001* (**REE Regulations**) and makes consequential amendments to the *Climate Change Authority Act 2011* (**CCA Act**) in order to:

"...better reflect electricity market conditions, provide much-needed certainty to the renewable energy industry and enable sustainable growth in renewable electricity generation."

In summary the Bill proposes to:

- Amend the REE Act to reduce the legislative annual targets of renewable source electricity for each year from 2016 until 2030 to provide a smooth transition to achieving a 33,000 GWh of renewable source electricity by 2020 (as opposed to the current 41,000) with this level to be maintained until 2030.
- Increase the 2012 to 2020 legislative annual targets to take account of the surplus certificates which arose as a result of the commencement of the separate Large-Scale Renewable Energy Target and Small-Scale Renewable Energy Target in 2011 and to account for the 850 MW allocation of non-renewable generation using waste coal mine gas, and (subsequently) repeal those provisions of the REE Act which provide for the redistribution of pre-2020 targets to reduce surplus certificates.
- Adjust the framework of partial exemptions from RET liability for electricity used in undertaking emissions-intensive and trade exposed (**EITE**) activities to increase the rate of exemption (from the current rate of 90% for electricity used in EITE activities defined as highly emission-intensive and 60% for electricity used in EITE activities defined

as moderately emissions-intensive) to 100% for all EITE activities.

- Include transitional provisions to ensure that the full exemption rate for RET liability can be provided for all electricity consumed in undertaking EITE activities in 2015, by requiring the Clean Energy Regulator to amend all partial exemption Certificates already issued.
- Repeal the requirement for periodic reviews of the operation of the REE Act (including consequential amendments to the CCA Act in order to remove reference to the REE Act and rescind the Climate Change Authority's obligation to perform a periodic review).
- Amend the REE Regulations to reinstate native forest wood waste as an eligible renewable source, under the same conditions that existed prior to its removal from eligibility in 2011.

What you need to do

If the changes to the Renewable Energy Scheme are likely to impact on your business, you should:

- consider the amendments proposed by the *Renewable Energy (Electricity) Amendment Bill 2015*; and
- watch this space for our next update which will provide a more detailed analysis on what these changes mean for the renewable energy industry in Australia.

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