



## Fact Sheet

# Enhanced Renewable Energy Target – fact sheet

## Introduction

On 24 June 2010 the Commonwealth Parliament passed legislation to separate the Renewable Energy Target (RET) into two parts from 1 January 2011 - the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET).

Liable entities will need to meet obligations under both the SRES and LRET by acquiring and surrendering renewable energy certificates created from both large and small-scale renewable energy technologies.

## Small-scale Renewable Energy Scheme (SRES)

The SRES has been designed to deliver households, small business and community groups, up to \$40 for each small-scale technology certificate (STC) created by small-scale technologies like solar panels and solar water heaters.

The Renewable Energy Regulator has established a voluntary 'clearing house' as a central point for the transfer of STCs at \$40. There will be no cap on the number of STCs that can be created. In most cases, householders will continue to get the value of STCs immediately, as an agreed upfront discount on the cost of installing their solar water heater or solar PV system, as they do under the current arrangements.

In order to ensure the \$40 clearing house price in the SRES remains relevant over time, the legislation establishes a process to review the price, if necessary. Before making any determination to reduce the \$40 price, the Minister must obtain and take into consideration independent advice on a number of issues, including: changes in the costs of solar PV and solar water heaters; the extent to which owners of solar PV and solar water heaters contribute to the upfront costs of those systems; and the impact of the clearing house price and the levels of installation of solar PV and solar water heaters on the electricity market, including on electricity prices.

To facilitate the smooth operation of the small-scale market, the legislation also stages the flow of STCs. The regulations establish an estimate each year for the number of STCs needed to be acquired by liable entities. The target is set to align with expected rates of STC creation based on historic rates, analysis of government support, and expert judgement. Based on this target, liable entities are required to surrender STCs four times a year.

## Eligibility

Small generation units (small-scale solar photovoltaic, small wind turbines and micro hydroelectric systems) and solar water heaters are eligible to create STCs under the SRES. However, the legislation stipulates air source heat pumps with a volumetric capacity over 425 litres are excluded from creating STCs if installed on or after 29 June 2010 (subject to transitional arrangements prescribed by regulations).

## Solar Credits

Solar Credits provide additional support to households, businesses and community groups that install small renewable energy generation units such as rooftop solar panels. Solar Credits apply to the first 1.5 kilowatts (kW) of capacity installed for systems connected to a main electricity grid and up to the first 20 kW of capacity for off-grid systems.

Solar Credits work by multiplying the number of certificates that these systems would generally be eligible to create under the standard deeming arrangements. The level of support in terms of the number of certificates received via Solar Credits will be determined by the date the system is installed as noted below.

Date installed	9 June 2009 – 30 June 2011	1 July 2011 - 30 June 2012	1 July 2012 - 30 June 2013	From 1 July 2013 onwards
Multiplier	5	3	2	No multiplier (1)

## Large-scale Renewable Energy Target (LRET)

The LRET, covering large-scale renewable energy projects like wind farms, commercial solar and geothermal, will deliver the majority of the 2020 target.

The LRET includes legislated annual targets and operates much the same as the previous RET design, but as a separate scheme to the SRES. From 2011 to 2030, the annual targets for the LRET are set at 4,000 gigawatt-hours (GWh) per year less than the previous RET targets, reaching 41,000 GWh by 2020. This is to take account of the separate mechanism to support small-scale renewable energy systems under the SRES. The LRET annual targets are listed in the table below.

Year	Revised targets (GWh)
2011	10,400
2012	16,338
2013	18,238
2014	16,100
2015	18,000
2016	20,581
2017	25,181
2018	29,781
2019	34,381
2020 - 2030	41,000

Existing banked certificates will be available for use in the LRET but not for the new SRES. The annual LRET targets in 2012, 2013, 2016-2019 have been adjusted based on a provision in the legislation to take account of a higher than expected number of certificates created in 2010. The targets listed above reflect revisions announced by the Renewable Energy Regulator in January 2011.

## Safety, compliance and enforcement

The legislation also strengthens the compliance and enforcement framework in the RET. The changes are focused on ensuring that certificates are not created improperly and the Renewable Energy Regulator has clear enforcement tools to deal with such situations. This includes a new civil penalty regime, enforceable undertakings and injunction powers.

The legislation also requires that a program be established to inspect small generation unit installations for compliance with Australian standards and requirements relevant to the creation of certificates. This measure will ensure that systems installed under the SRES continue to be of a high standard, and will complement the safety provisions announced by the Government on 21 June 2010 which require small generation unit installations to obtain additional compliance documentation before certificates are created.

## More information

For a copy of the *Renewable Energy (Electricity) Amendment Act 2010* go to the ComLaw website:

[www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401840?OpenDocument](http://www.comlaw.gov.au/comlaw/management.nsf/lookupindexpagesbyid/IP200401840?OpenDocument).

For more information on the implementation and administration of the changes go to:

[www.orer.gov.au](http://www.orer.gov.au).