



Stakeholder roundtable consultations

Authority's summary

Introduction

The Climate Change Authority hosted four stakeholder consultations to discuss its preliminary views set out in the Renewable Energy Target review discussion paper. The meetings were held in Melbourne and Sydney on 2 and 5 November respectively and were attended by a wide-range of stakeholders (listed at Attachment A), including peak bodies and representatives from the renewable energy industry, electricity retailers, major energy users, environmental groups, and community and welfare advocates. A full list of participating organisations is attached.

The meeting covered key areas of the review, including the Authority's preliminary views on frequency of reviews, the form and level of the Large-scale Renewable Energy Target (LRET), the design of the Small-scale Renewable Energy Scheme (SRES), the liability and exemption framework, eligibility and diversity of technologies and SRES administration.

The consultations – together with informal written feedback, additional meetings and further analysis – will help inform the Authority's deliberations as it finalises the RET review.

The consultations were held on the basis of the 'Chatham House' rule to encourage free and frank discussion. The main views are summarised below.

Frequency of reviews

Most participants supported Authority reviews of the RET every four years, rather than the current biennial review. A number of participants, however, noted that a 2014 review would be well-timed to consider the broader context, such as the carbon pricing mechanism and trends in electricity demand, as well as providing greater lead-time should the post-2020 RET target be increased. Several participants noted that investor confidence would be further improved if the scope of future reviews were more narrowly defined.

Target

Most participants supported a fixed gigawatt hour target on the basis that it would provide greater investment confidence. Several participants considered a floating percentage target would more accurately reflect the Government's commitment of '20 per cent of Australia's 2020 electricity supply from renewable energy'.

Participants' views regarding the level of the target varied. Many participants considered maintaining the 41 000 GWh target would provide greater confidence for investment. A number considered the cost of maintaining the target was too great and supported a reduced target that better reflected 20 per cent of Australia's 2020 electricity supply. A few participants supported increasing the pre-2020 target to ensure Clean Energy Finance Corporation investment supported projects additional to the RET target. A number of participants supported increasing the target after 2020. There were also differing views on the ability and capacity of the renewable energy industry to achieve the current target.

Some participants questioned whether the scheme was worth the cost imposition; others noted strong community support for renewable energy and potential co-benefits such as public health and employment.

The Small-scale Renewable Energy Scheme

Almost all participants supported maintaining separate LRET and SRES schemes.

Views varied regarding whether the threshold for small-scale solar PV should be reduced below its current 100 kW limit to 10 kW. Some participants supported the proposal as it would guard against any cost increase caused by a potential boom in commercial solar PV installations. It was noted that these systems currently make up a very small proportion of the market. A number of participants noted that it would be important to continue to deem (i.e. provide certificates up front based on estimates of future generation) these systems, otherwise the administrative costs associated with certificate creation would be too great. Other participants expressed concern that lowering the threshold would discourage commercial investment in solar PV. Some participants were also concerned with the impact changing the threshold might have on the investor confidence in the LRET. In particular, commercial solar PV might displace investment in large-scale renewable energy power stations because it would have the advantages of deeming arrangements and avoided network costs (i.e. by reducing the volume of energy imported from the grid and therefore the associated network charges).

Many participants supported some mechanism for containing the costs of the SRES. Others did not think it necessary as they considered the uptake of small-scale systems would likely stabilise with the reduction of the Solar Credits multiplier and scale-back of state and territory feed-in tariffs.

Most participants supported the SRES price cap remaining fixed at \$40. A number of participants did not consider a discount factor the best approach to contain costs, preferring a cap on liability (through capping the small-scale renewable energy power percentage). Some participants supported the use of a discount mechanism but considered the proposed criteria – particularly the ten year payback period, to be too long and too difficult to calculate. Many participants emphasised the need for a stable and predictable cost containment mechanism, and had concerns regarding the Minister being able to make discretionary changes to the scheme.

A number of participants supported amending the clearing house to a deficit sales facility, whereby certificates could only be entered into the clearing house when it was in deficit. A number of participants emphasised the importance of the clearing house. Some participants did not consider any amendments were necessary.

Liability and exemptions

Most participants considered the liability framework to be working effectively.

Most participants also supported opt-in arrangements for large energy users, considering that it would allow them to better manage their liability. Others noted that it may also improve the liquidity of the large-scale certificate market. Many participants noted further work would be needed regarding notice to retailers and a potential threshold for opting in.

In addition, participants generally supported setting the renewable power percentage and small-scale technology percentage prior to the commencement of a compliance year and by 1 December.

Regarding exemptions, most participants supported greater alignment of the emissions-intensive, trade-exposed (EITE) partial exemption framework and the Jobs and Competitiveness Program under the carbon pricing mechanism. Most participants also supported allowing EITE businesses to sell their partial exemption certificates to any liable entity. A few participants proposed making partial exemption certificates interchangeable with renewable energy certificates.

Most participants supported the level of the EITE exemption being considered by the Productivity Commission, given its mandate to review the broader EITE arrangements under the Jobs and Competitiveness Program. However, some participants expressed concern the Commission's scheduled 2014-15 review was too late.

Many participants expressed concern regarding the proposed discontinuation of the self-generation exemption. These participants noted that this was a relatively small exemption but that it was essential for the continued viability of many remote projects. Others noted that co-generation was frequently lower emitting and should be encouraged, but a RET liability would mean the business case for cogeneration investment would no longer exist. A number of participants noted that removing the exemption would create significant administrative difficulties and could result in small self-generators (such as households with solar PV) being captured.

Eligibility and diversity

Most participants agreed that the LRET accreditation process was operating effectively. A number of participants considered waste coal mine gas should be removed from the RET. Others considered that new waste coal mine gas projects should be eligible, along with other low-emitting technologies and waste heat.

A number of participants argued that new small-scale displacement technologies should be admitted to the SRES and that continuing to exclude them, was creating competitive distortion between eligible displacement technologies and those that were not eligible.

Participants generally agreed that the RET was not the best mechanism to encourage diversity, and this was better left to the Clean Energy Finance Corporation and the Australian Renewable Energy Agency.

Small-scale Renewable Energy Scheme administration

Most participants supported opening the small-scale accreditation system to bodies other than the Clean Energy Council.

A number of participants supported the introduction of accreditation processes for small-scale wind and micro hydro systems. Others questioned the value of imposing additional administrative requirements given the very small number of these systems installed to date.

Many participants supported the removal of the requirement to submit solar water heater and small generation unit returns. A few participants expressed concern that some of the data included in these returns was valuable.

In general, participants considered the requirement to provide out-of-pocket expense data should be removed, provided this information was collected in different – and more effective – ways.

Other issues

One participant proposed that renewable energy certificates be designed as 'financial products' to reduce the potential for fraud in the RET certificate market.

Appendix A: Stakeholder roundtable participants

100% Renewables	Energy Supply Association of Australia
Acciona	Envirogen
Australian Council of Social Service	First Solar
AGL	GE Energy
Alternative Technology Association	Grattan Institute
Amcor	Hepburn Wind
ANZ	Hydro Tasmania
Australian Aluminium Council	Infigen Energy
Australian Bankers' Association	International Power GDF SUEZ
Australian Coal Association	Investor Group on Climate Change
Australian Conservation Foundation	Minerals Council of Australia
Australian Geothermal Energy Association	National Electrical and Communications Authority
Australian Industry Greenhouse Network	National Farmers Federation
Australian Industry Group	Ocean Energy Industry Association
Australian Petroleum Production & Exploration Association	Origin Energy
Australian PV Association	PACIA
Australian Solar Council	Pacific Hydro
Australian Youth Climate Coalition	Qenos
Beyond Zero Emissions	REC Agents Association
Business Council of Australia	REpower
Cement Industry Federation	Rheem
Clean Energy Council	Snowy Hydro
Climate Institute	Solar Business Council
Climate Works Australia	St Vincent de Paul
CMIA	Sunwiz
EDL	Vestas Australian Wind Technology
Energy Australia	Visy
Energy Retailers' Association of Australia	WWF Australia