Australian Government
Climate Change Authority

RENEWABLE ENERGY TARGET REVIEW

Discussion Paper - corrigenda

OCTOBER 2012

CORRIGENDA

SKM identified an error in their modelling that affects the calculation of retail prices and household bills only. They also updated the reporting of results to include the year 2030-31. The cost pass through to end users attributable to RET certificates was counted twice. No other numbers used in the discussion paper have been affected.

Chapter 2

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Update to second last paragraph

SKM MMA modelling commissioned by the Authority estimates retail price forecasts under a number of scenarios (see Chapter 4). Under current settings, the modelling indicates that the effect of the RET on a typical Australian's annual electricity bill in 2012-13 will be around $62, accounting for around 4 per cent of the total electricity bill.

Chapter 4

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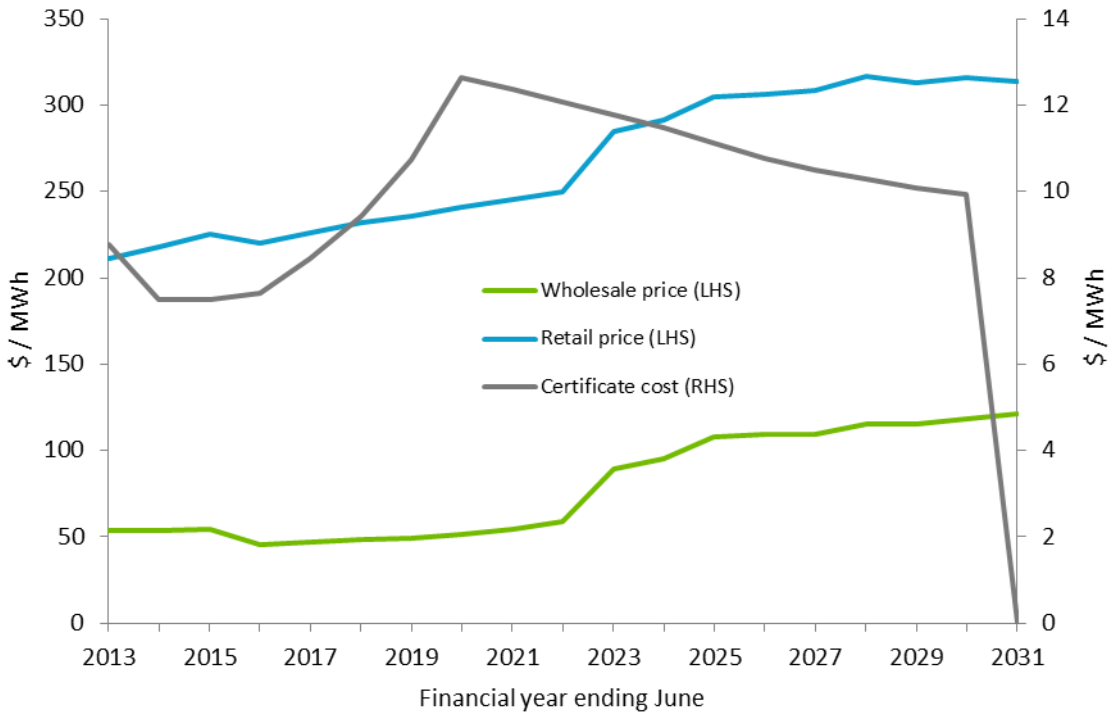
Update to Figure 25

Figure 25 Wholesale and retail prices and RET certificate costs under the reference case 1



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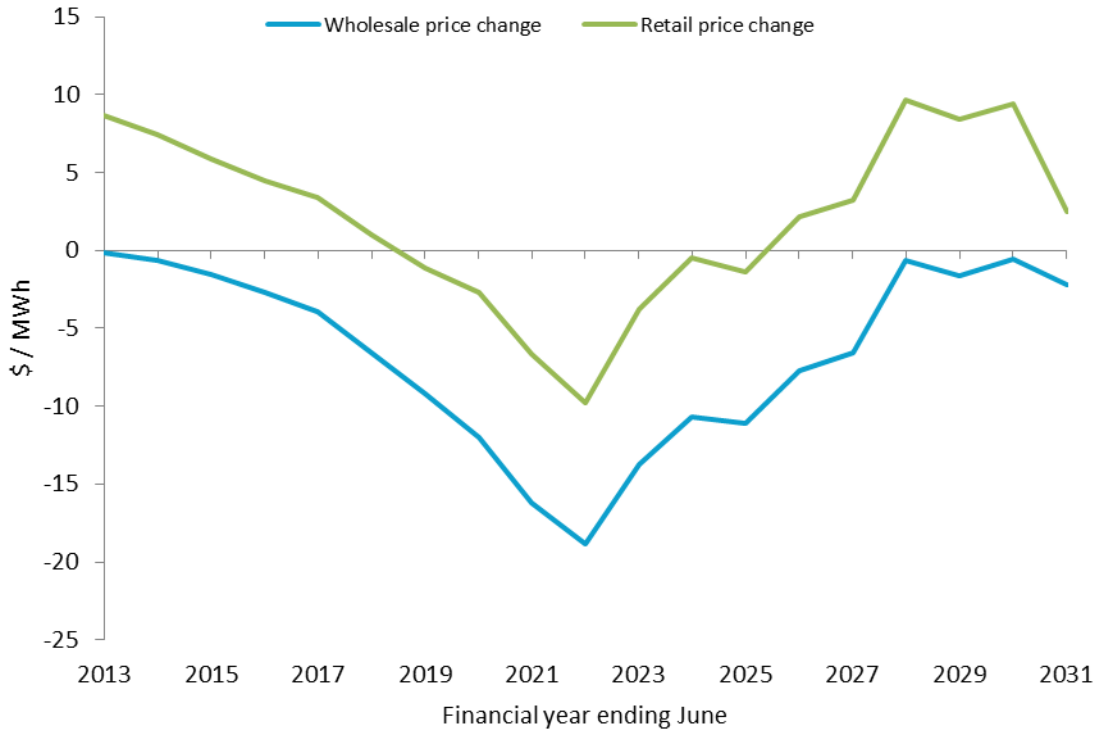
Update to Figure 26

Figure 26 Change in wholesale and retail prices – no RET compared with reference case 1 ($/MWh)*



Update to text above Table 3

RET certificate costs are estimated to contribute an average of 3.7 per cent of the total costs of electricity over the period to 2030-31, which equates to around $10/MWh for every energy consumer or around $68 per annum to the volume weighted average household bill (see Table 3 and Table 4).

Update to Table 3

Table 3 Retail prices

		2012-13 to 2030-31	2012-13 to 2020-21	2021-22 to 2030-31
Average retail price	*Reference case 1*	$266/MWh	$228/MWh	$300/MWh
	No RET	$264/MWh	$226/MWh	$298/MWh
RET cost contribution to *reference case 1* retail prices		$9.74/MWh	$9.58/MWh	$9.88/MWh
		3.7%	4.2%	3.3%

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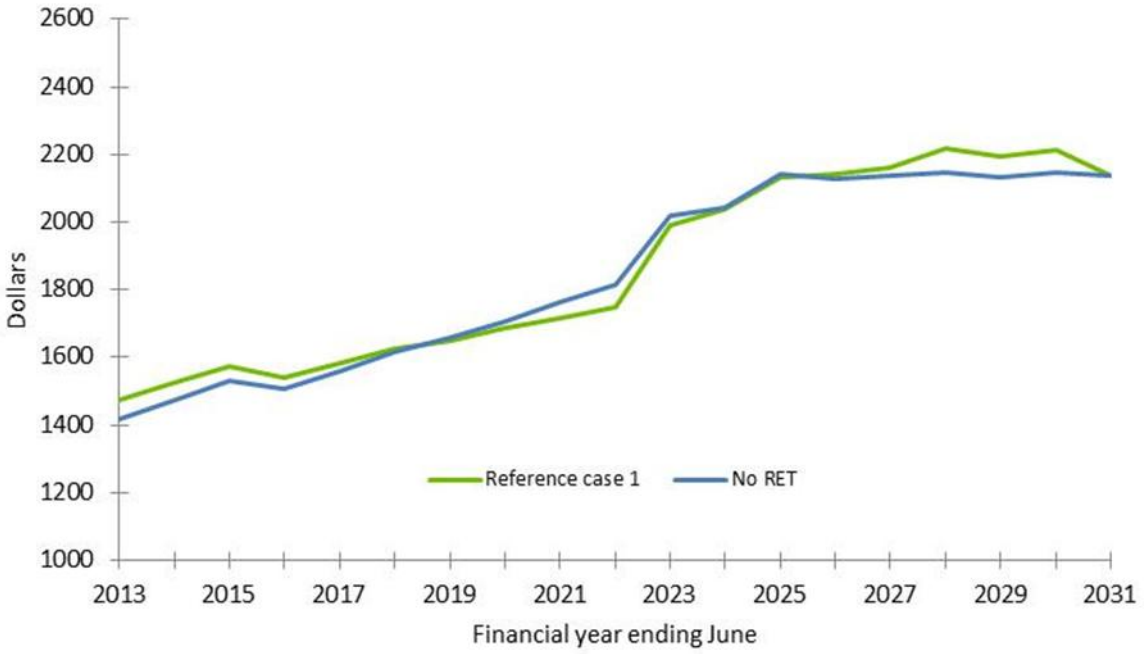
Update to Table 4

Table 4 Average annual household bill*

		2012-13 to 2030-31	2012-13 to 2020-21	2021-22 to 2030-31
Absolute value (average $ per annum)	*Reference case 1*	$1 864	$1 598	$2 103
	No RET	$1 849	$1 582	$2 089
RET cost contribution to *reference case 1* household bill		$68	$67	$69
		3.7%	4.2%	3.3%

Update to Figure 27

Figure 27 Household bills under the reference case 1 and no RET scenarios



Update to text below Figure 27

Comparing estimated average household bills under the *reference case 1* and *no RET* scenarios reveals generally higher household bills under the *reference case 1* scenario equating to a difference of around $170 in net present value terms over the period from 2012-13 to 2030-31.

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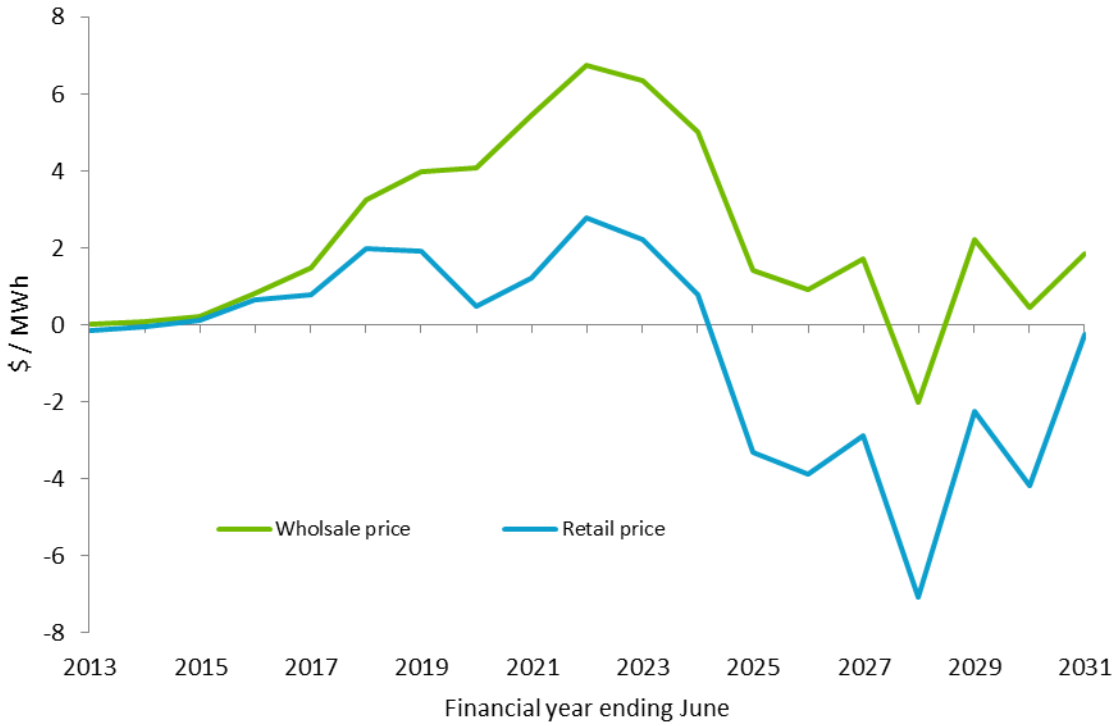
Update to Figure 32

Figure 32 Change in wholesale and change in retail prices – updated 20% target compared with reference case 1 ($/MWh)



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Update to text above Table 8

As a consequence of the marginal change in retail prices per unit of consumption, the effect on the average household bill is expected to be small – the long term average of the annual household bill over the period 2013 to 2030 is forecast to be $4 lower (at $1 860) in the *updated 20% target* scenario (see Table 8 and Table 9). The net present value of the difference in household bills over the period 2012-13 to 2030-31 is estimated to be around $7.

Update to Table 8

Table 8 Retail prices

		2012-13 to 2030-31	2012-13 to 2020-21	2021-22 to 2030-31
Average retail price	*Reference case 1*	$266/MWh	$228/MWh	$300/MWh
	Updated 20% target	$266/MWh	$229/MWh	$299/MWh
RET cost contribution to *reference case 1* retail prices		$9.74/MWh	$9.58/MWh	$9.88/MWh
		3.7%	4.2%	3.3%
RET cost contribution to *updated 20% target* retail prices		$6.44/MWh	$7.47/MWh	$5.53/MWh
		2.4%	3.3%	1.9%

Update to Table 9

Table 9 Average annual household bill

		2012-13 to 2030-31	2012-13 to 2020-21	2021-22 to 2030-31
Absolute value (average $ per annum)	*Reference case 1*	$1 864	$1 598	$2 103
	Updated 20% target	$1 860	$1 603	$2 090
RET cost contribution to *reference case 1* household bill		$68	$67	$69
		3.7%	4.2%	3.3%
RET cost contribution to *updated 20% target* household bill		$45	$52	$39

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Update to final dot point

- increase the average household bill – around $7 difference in NPV terms in total electricity bills over the period from 2012-13 to 2030-31.

Chapter 5

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Update to final paragraph

The Authority's modelling estimates that for 2011-12 the cost of compliance with the SRES was around $1.2 billion and will cost around $395 million in 2020-21. In terms of an average electricity bill, the SRES is predicted to comprise around 2.1 per cent in 2012-13. Modelling commissioned by the Authority projects that this will drop to 0.8 per cent in 2020-21 (see Table 12). This fall is attributable to the expected drop in small-scale installations with the wind back of state and territory feed-in tariffs and the reduction of the Solar Credits multiplier. While the SRES contributes a relatively small amount to an electricity bill, in the context of rising electricity prices, any upward pressure becomes contentious.

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Update to Table 12

Table 12 Contribution of SRES to retail rates (%)

Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
SRES	2.1%	1.8%	1.6%	1.4%	1.1%	1.0%	0.9%	0.8%	0.8%

Chapter 7

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Update to paragraph six

Bluescope Steel stated that if waste coal mine gas continued to be eligible, it would be logical to extend eligibility to other industrial gases that can be burned to generate electricity.