



Australian Government
Australian Greenhouse Office

**GOVERNMENT RESPONSE TO TAMBLING MANDATORY RENEWABLE ENERGY
 TARGET (MRET) REVIEW RECOMMENDATIONS**

Recommendations		Government Response
1	The MRET measure to continue to operate.	Government reconfirmed its commitment to the MRET at the current level of 9500 GWh in <i>Securing Australia's Energy Future</i> .
2	Australian Government and State and Territory Ministers to investigate impediments to the inclusion of more renewable energy in National Electricity Markets	<p>The Government announced in <i>Securing Australia's Energy Future</i> that it will work with the states and territories to identify by December 2005 and respond to specific rule changes required in the National Electricity Market to maximize the benefits of distributed generation, including distributed renewable energy generation.</p> <p>Up to \$14 million has also been committed for improved wind forecasting. This would allow wind to play a greater role in the National Electricity Market and assist planning for new wind farms. \$20 million has also been committed to the development of advanced storage systems for electricity, which will assist in dealing with the problem of intermittency in renewable energy supplies, which is a key impediment to the wide uptake of these technologies.</p>
3	MRET to be enhanced to support continued development of the renewable energy industry after 2007.	<p>Government has announced its commitment to improve the operational and administrative efficiency of MRET including through increasing opportunities for bioenergy and solar technologies (see responses to Recommendations 17, 19-22 below).</p> <p>Funding levels for renewable energy have also been boosted with the Government committing \$209 million in <i>Securing Australia's Energy Future</i> to develop renewable energy technologies with commercial potential, improve energy storage technologies for intermittent generation, improve wind forecasting capability and demonstrate solar technologies as part of a Solar Cities trial. Renewable energy will also be eligible for the \$500 million Low Emission Technology Demonstration Fund.</p>
4	A review to be undertaken with a view to raising the level of research and development (R&D) in renewable energy. This review to consider whether MRET should, or could, be used as a vehicle to stimulate more investment in renewables R&D.	<p>The Government reviewed this issue in the development of the White Paper and announced in <i>Securing Australia's Energy Future</i> that it will set aside \$100 million to fund renewable energy, development, demonstration and commercialisation and \$34 million towards funding R&D of wind forecasting and electricity storage technologies.</p> <p>Government also has in place a suite of programmes through the \$8.3 billion Backing Australia's Ability packages to support R&D more generally, which is accessible to renewable energy. Reducing and capturing emissions in transport and</p>

		energy generation is a goal under the national research priorities.
5	Australian Government renewable energy industry development programmes to be reviewed with a view to improving the integration and focus of programme support and that the funding levels be maintained on an ongoing basis.	These programmes were reviewed in the development of the White Paper, and <i>Securing Australia's Energy Future</i> outlines a comprehensive set of measures to address impediments to further development of the renewable energy industry. Funding levels have been boosted with the Government committing \$209 million to develop renewable energy technologies with commercial potential, improve energy storage technologies for intermittent generation, improve wind forecasting capability and demonstrate solar technologies as part of a Solar Cities trial. Renewable energy will also be eligible for the \$500 million Low Emission Technology Demonstration Fund.
6	MRET targets to continue to be expressed in gigawatt hours (GWh) and not as a percentage of overall electricity demand.	Government reconfirmed its commitment to the MRET at the current level of 9500 GWh in <i>Securing Australia's Energy Future</i> .
7	Interim targets prior to 2010 and the 9500 GWh target for 2010 to remain unchanged.	Government reconfirmed its commitment to the current MRET in <i>Securing Australia's Energy Future</i> .
8	MRET targets to continue to increase beyond 2010 at a rate equal to the rate before 2010, and to stabilize at 20,000 GWh in 2020.	The Government stated in <i>Securing Australia's Energy Future</i> that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target.
9	The end date of the measure to be extended beyond 2020 so that renewable energy from projects commencing after 2005 receive Renewable Energy Certificates (RECs) for a full 15 year period.	The Government stated in <i>Securing Australia's Energy Future</i> that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target.
10	Pre-existing generators and projects commissioned before the end of 2005 to receive RECs until 2020, after which they should be set new baselines.	The Government stated in <i>Securing Australia's Energy Future</i> that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target.
11	The shortfall charge to remain fixed at \$40 per megawatt hour (MWh) until 2010 and to be indexed to the Consumer Price Index between 2010 and 2020.	The Government stated in <i>Securing Australia's Energy Future</i> that it will continue to support the uptake of low emission energy from renewable sources through the MRET but will not extend or increase the target.
12	A review of the Act to be initiated by the Minister if a decision is taken to implement a defined, economy-wide greenhouse abatement scheme, or in the event of more than 15 per cent of the overall liabilities being met by shortfall charge payments over two consecutive years	The Government will continue to monitor the operation of the <i>Renewable Energy (Electricity) Act 2000</i> .
13	The Act to be amended to enable publication of baselines by the Office of the Renewable Energy Regulator (ORER)	The Government agrees with this recommendation.
14	Electricity generation reported to ORER in Electricity Generation Returns for any compliance year to cease to be eligible generation after 10 October of that calendar year	The Government agrees with this recommendation.
15	The Act to be amended to enable ORER to publish a) Total eligible generation that occurred in the market in that year	The Government agrees with this recommendation.

	<p>b) Total number of RECs created that year</p> <p>c) Total actual market liability for the year</p> <p>d) Total number of RECs surrendered to offset that liability</p> <p>e) Individual shortfalls and the proportion of those shortfalls relative to their liability.</p>	
16	<p>As the treatment of wood waste from native forests raises issues outside the Review Panel's Terms of Reference, such as National Forest Policy, two options are proposed:</p> <p>a) wood waste from native forests to be excluded as an eligible renewable energy source; or</p> <p>b) wood waste from native forests to be separately identified as an independent eligible renewable energy source with the existing regulatory arrangements applying to wood waste from native forests to be retained</p>	An expert panel is to be established to examine issues associated with native forest wood waste under MRET.
17	<p>Eligibility for plantation biomass to be redefined under 'energy crops'. Provisions to ensure plantation harvesting operations are conducted according to relevant approvals, and to deter landclearing of native forests, to be retained.</p>	The Government agrees with this recommendation.
18	<p>Eligibility of sawmill residues to be restricted to post-processing residues from sawmilling, veneer or other processing operations (other than woodchipping).</p>	Safeguards are already in place through the ORER which has the capacity to monitor outputs of eligible sawmills and to audit companies that experience unexplained increases in product to waste ratios.
19	<p>The 'primary purpose' test applying to energy crops to be removed.</p>	The Government agrees with this recommendation.
20	<p>All biomass material directly sourced from a licensed landfill or licensed waste transfer station, which would otherwise be landfilled, to be eligible under the municipal solid waste provisions of MRET</p>	The Government agrees with this recommendation.
21	<p>Photovoltaic Small Generation Units (SGUs) with a rating of not more than 10kW (or 25 MWh per annum) to be eligible to create RECs for a single deeming period of 15 years.</p>	The Government agrees with this recommendation.
22	<p>The threshold generating capacity for eligible photovoltaic SGUs to be increased from 10kW (or 25MWh per annum) to 100kW (or 250MWh per annum). Generators with a capacity between 10kW (or 25 MWh per annum) and 100 kW (or 250 MWh per annum) to have the option for eligibility to be assessed under either the proposed 15 year deeming provisions or under metered power station provisions.</p>	The Government agrees with this recommendation.
23	<p>A review to be undertaken to determine how further consideration can be given to special assistance for the Australian photovoltaics industry, either through</p>	The Government announced support for the photovoltaics industry in <i>Securing Australia's Energy Future</i> . Photovoltaics will be eligible under the \$75 million Solar Cities package, the

	enhancement of MRET or other measures.	\$100 million Renewable Energy Development Initiative and the \$20.4 million Advanced Storage Technologies programme could also support PV.
24	All complete solar water heater systems installed, including replacement systems, to be eligible to create RECs to the full extent of their energy displacement capacity.	The Government agrees with this recommendation.
25	The Act to be amended to empower the Minister to make regulations to clarify the interpretation of Eligible Renewable Energy Sources or to determine the eligibility of new renewable energy sources.	The Government agrees with this recommendation.
26	Other than to accommodate Recommendations 16, 17 and 19, the list of Eligible Renewable Energy Sources contained in the Renewable Energy (Electricity) Amendment Bill 2002 to be adopted.	The Government agrees with this recommendation.
27	ORER to assess proposed generation projects with a view to providing 'provisional accreditation', on the basis of what is known at the time of the application and subject to the proponent satisfying the eligibility requirements of the Act.	The Government agrees with this recommendation.
28	ORER to be required to assess accreditation applications within six weeks after receipt of a completed application and other necessary information.	The Government agrees with this recommendation.
29	The Act to be amended to allow any registered owner of a REC to surrender the REC to ORER, either voluntarily or against a registered liability.	The Government agrees with this recommendation.
30	Except where amendment is necessary to accommodate the Review Panel's recommendations for changes to MRET, all other provisions in the Renewable Energy (Electricity) Amendment Bill 2002 to be adopted.	The Government remains committed to improving the operational and administrative efficiency and effectiveness of MRET, as outlined in its Renewable Energy (Electricity) Bill 2002.