

## **Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008 – Second Reading Speech**

This is a Bill to amend the Renewable Energy (Electricity) Act 2000 to establish a national feed-in tariff (FiT) scheme.

Climate change is a huge and urgent challenge to Australia and the world. With greater impacts and new science arriving almost daily, the task we face, to build a 'post-carbon' economy, is only getting more urgent.

We need to pull out all stops to build new, zero emission energy and transport infrastructure to replace the polluting coal and oil that we rely on today.

Renewable energy resources and technologies around the world are moving ahead in leaps and bounds, out-competing doomed and short-sighted attempts to clean up coal. Many technologies are mature and ready to roll out now, and some are even approaching the stage where they can compete directly with coal. A number of mature technologies are able to provide steady, baseload power, and a sensible mix of renewable energy technologies can match our demand and create a stable electricity grid.

While the reality is that renewable energy will not replace our entrenched coal power unless and until it is supported to do so, I have every confidence that, when given the appropriate support, it will do so swiftly and cost-effectively. International experience shows that implementing a feed-in law, alongside funding for research and development is one of the best ways of giving renewable energy the support it needs.

The scheme that would be established by the Bill I am introducing today will provide greater financial support for the commercialisation of a broad range of prospective renewable energy technologies, particularly those that are generally unsupported by the Mandatory Renewable Energy Target (MRET).

It is apparent that while the MRET has been successful in promoting the cheapest renewable energy technologies, especially wind and solar hot water, emerging technologies such as solar thermal, solar photovoltaic (PV), geothermal, wave power and others, receive either very little or ad-hoc support. This is a problem because these emerging technologies are useful complements to wind power, and in the long term may prove the most cost-effective renewable energy option. Those technologies best able to provide base-load generation, including solar thermal and geothermal, in particular, deserve Federal Government support.

Renewable energy feed-in tariffs have proved highly successful in many nations and recently have been introduced in South Australia, Victoria, the ACT, and will probably be soon introduced in Queensland. However, this Bill would go further than the approaches recently taken by Australian states by:

1. allowing the Minister to apply a feed-in tariff to any technology, not just solar photovoltaics;

2. ensuring that the feed-in tariff is applied to all renewable electricity generated, not just that component which exported onto the grid, which in the case of domestic PV systems may be negligible. The Victorian and South Australian feed-in tariff schemes are particularly weak in this regard;
3. establishing a national register which will yield valuable information about the effectiveness of the various renewable energy technologies supported; and,
4. creating a system whereby the owners of renewable energy systems make claims for the tariff directly to the regulator, thus simplifying the system from the point of view of electricity retailers.

To summarise, the scheme would operate as follows:

The Minister with responsibility for the scheme would set a feed-in-tariff rate for any of the sources of renewable energy technology listed in section 17 of the principle Act, each year. In doing so, Minister's objective is to support the economic viability of electricity generation from a range of prospective renewable energy technologies. To achieve this, the Minister may vary FiT rates according to the type and location of qualifying generators.

The owner of a 'qualifying generators' will receive a constant FiT for 20 years, set at the time that they register with the scheme, on all of the electricity that they produce. Only generators installed after the commencement of the scheme and which forgo participation in the mandatory renewable energy scheme can be a 'qualifying generator'. In this way renewable energy produced due to the FiT scheme will be additional to renewable energy generated due the MRET scheme. The main reason for this is that the future income that owners of renewable energy generators may receive from the sale of Renewable Energy Certificates may be difficult to predict, thus complicating the Minister's task of setting an appropriate long-term feed-in tariff rate.

The Minister must review the FiT rate applying to each renewable energy generator type each year – with adjusted rates applying to new installations. In order to provide a degree of certainty to manufactures and suppliers of renewable energy products, the Minister may increase the FiT rate, but can only decrease the rate it after a period of 5 years from the date that the rate was initially set, and then by a maximum of 10% per year. An exception to this rule could occur if the Minister elects to set a target level of installed renewable energy capacity (for any particular technology), and that target is achieved, beyond which point the Minister may reduce the tariff if such a course of action is deemed desirable.

In order to fund the scheme the Minister must set a FiT levy rate per MWh of electric energy acquisition from the electricity grid. The FiT levy is to be imposed by a proposed *Renewable Energy (Electricity) Feed-in-Tariff Levy Act 2008*. The FiT levy rate must be sufficient to cover the estimated cost of payments under the feed-in-tariff rate scheme. The FiT levy would be payable by all electricity retailers and direct customers of electric energy from the grid, calculated by reference to their annual energy acquisition statements lodged under section 44. Note that the annual energy acquisition statement is also used to calculate the renewable energy shortfall charge of an electricity retailer or a direct customer.

With regards to the payment of feed-in-tariffs, an annual return by the owner of a qualifying generator must be lodged with the Regulator within 30 days of each anniversary of the registration of the qualifying generator. The Regulator must then pay the feed-in-tariff rate to the owner of a qualifying generator within 30 days of receiving from the owner an annual return in the prescribed form indicating the metered energy produced by the qualifying generator.

The Regulator must also establish a Register which records:

- a. details of all qualifying generators, including the name and address of the owner of the generator, the date of registration of the generator and the type of generator (that is, the eligible renewable energy source used by the generator); and
- b. the total amount of electricity produced by each qualifying generator; and
- c. the feed-in-tariff rate to be paid to the owner of a registered qualifying generator and the period for which the feed-in-tariff rate will be paid.

Finally, in the interests of transparency and accountability, the Minister must also ensure that an independent report on the operation of the FiT scheme is prepared and tabled each year. The report must include details of total renewable energy produced and total payments made under the feed-in-tariff rate scheme, and the total receipts from the feed-in tariff levy. As well, the Minister must provide statements explaining how the feed-in-tariff rates and levy rates are calculated and must table those statements in both Houses of Parliament each year.

The urgency of climate change requires serious, systemic action to build a new post-carbon world. This Bill will take a significant step in that direction and I commend it to the Senate.