



Australian Government  
Clean Energy Regulator

RENEWABLE  
ENERGY  
TARGET

# Renewable Energy Target

## RET Annual Statement

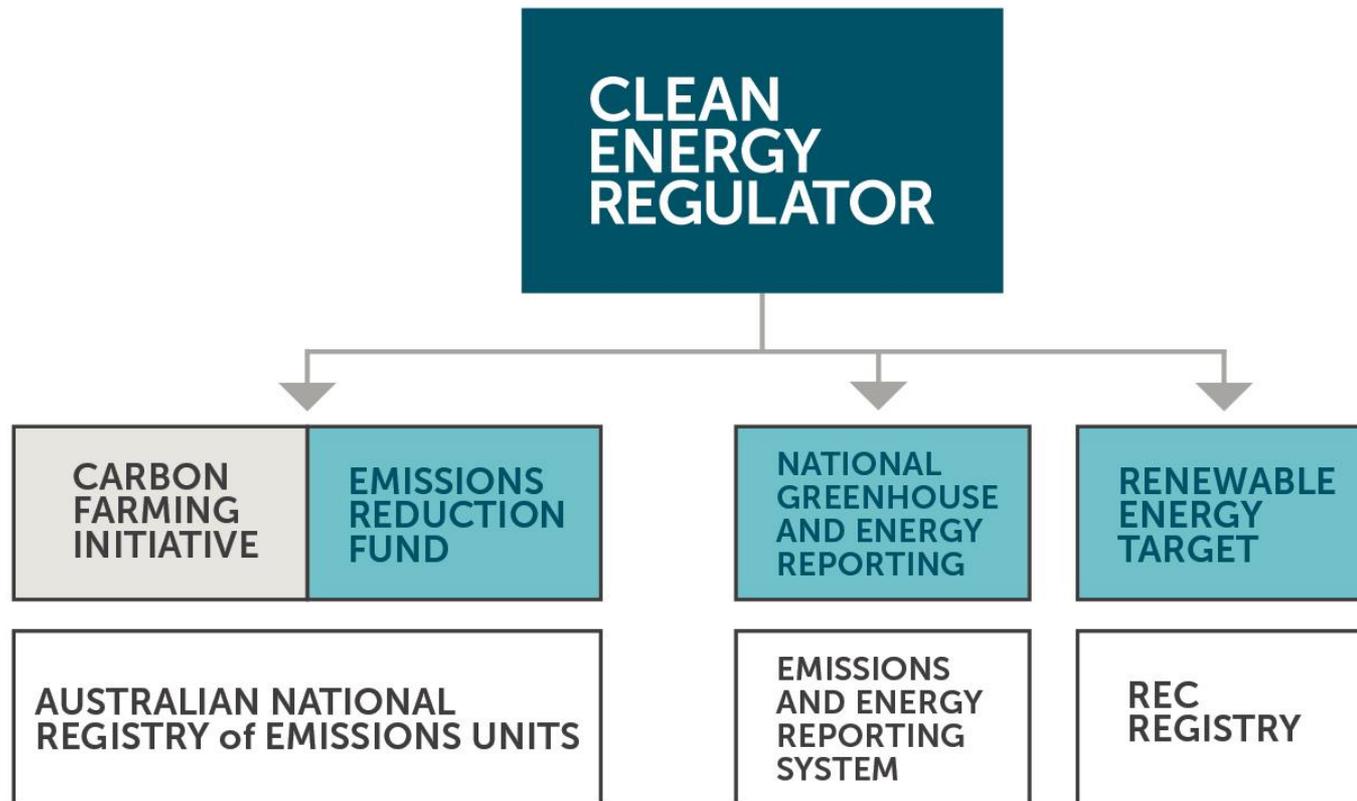
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Michelle Crosbie

General Manager – Clean Energy Regulator

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# Our purpose: accelerating carbon abatement for Australia



# Scheme overview

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# Renewable Energy Target

## Large-scale

- driven by demand
- encourages new investment in large-scale renewable energy
- 33 million megawatt hours of additional renewable electricity from renewable sources by 2020
- certificates created on actual generation
- market sets the price of certificates (no price cap and no clearing house)

## Small-scale

- driven by supply
- encourages small-scale renewable energy system installations
- uncapped
- does not contribute to the 2020 target
- certificates created up front on expected generation
- certificate price capped at \$40 (clearing house)

## SUPPLY

Renewable energy from sustainable sources



creates renewable energy certificates



1 Megawatt hour = 1 renewable energy certificate

## MARKET PARTICIPANTS

Renewable power stations  
Liable entities  
(typically electricity retailers)

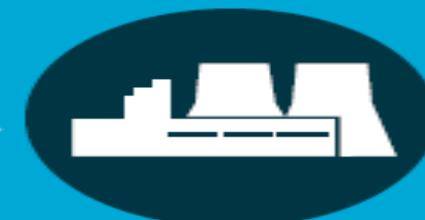


Companies with emissions-intensive trade exposed activities

Installers  
Retailers  
Agents  
Traders  
Financial institutions

## DEMAND

Liable entities buy certificates to meet renewable obligations



Amount determined by:  
Renewable power percentage  
(large-scale certificates)  
Small-scale technology percentage  
(small-scale certificates)

## Clean Energy Regulator

(regulates market to ensure integrity)

Validates certificates registered for renewable electricity generated



Provides secure online system that enables market to operate (REC Registry)



Determines amount of certificates liable entities must surrender each year

# RET Annual Statement

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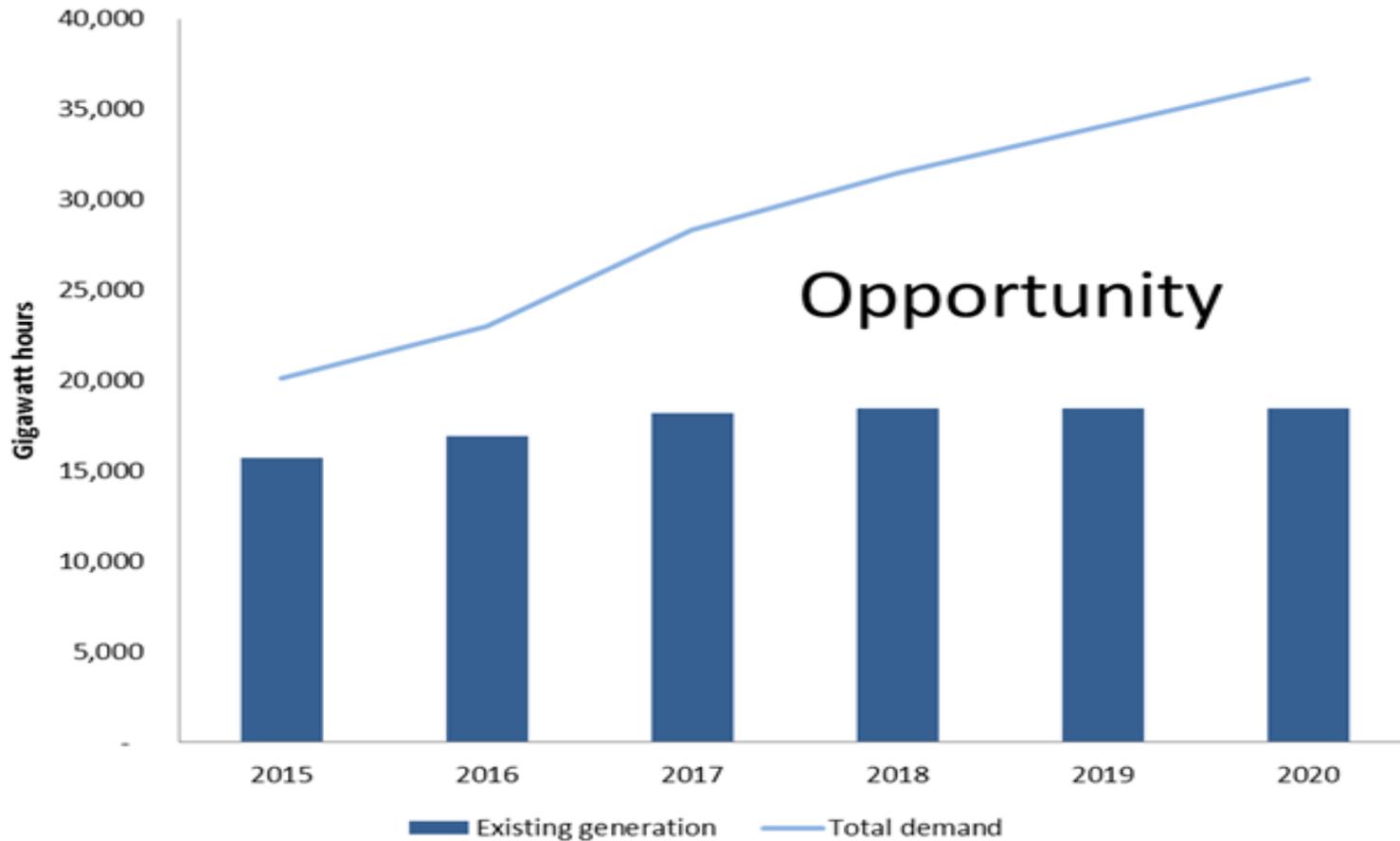
# Annual Statement - Five Indicators

1. Committed projects
2. Accredited power stations
3. Large-scale generation certificates spot price
4. Supply and demand dynamics
5. Shortfall

# 2015 Annual Statement - Progress towards the 2020 target

- > Progress towards the 2020 large-scale renewable energy target was adequate under the circumstances
- > The large-scale renewable energy target in 2020 is achievable, but the task ahead is considerable
- > There is no indication that impact on household electricity bills in 2015 was more than anticipated when target amended
- > Additional 6 000 megawatts of installed capacity to meet 2020 target

# The opportunity in the LRET



# Capacity required meet target

## 2015

- > 296 megawatt capacity accredited and commenced generation.
- > 41 new power stations accredited under the RET
- > estimate 409 megawatt of new renewable power station build was committed in 2015

## 2016

- > 374 megawatt capacity already committed this year
- > agreements in place for a further 779 megawatt capacity
- > 3 000 megawatts of committed new build capacity is estimated to be required in 2016 to stay on track to meet the target

# Spot Price (LGCs)

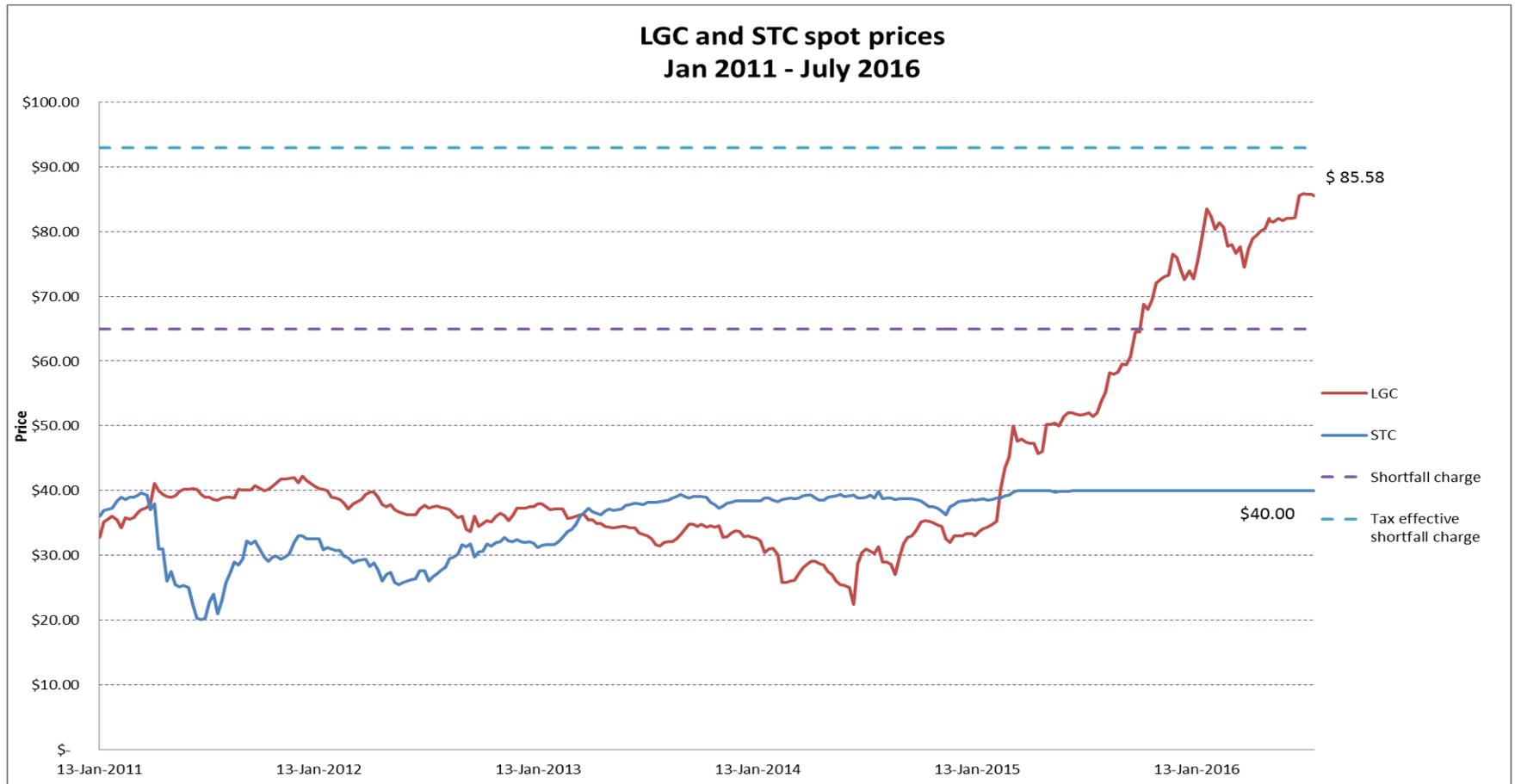
## 2015

- > Spot price sending strong signal for new projects
- > \$33 at beginning 2015
- > \$72 at end of 2015
- > \$54 average spot price 2015 (last 12 weeks 2015 \$71.73)

## 2016

- > \$80.44 - average spot price at 26 July 2016
- > \$83.47 - 12 weeks average at 26 July
- > Sitting between penalty price (\$65) and post-tax equivalent shortfall (\$93)

# Spot prices – what's been happening?



# Compliance

## > Compliance

- > 99.4 percent of large-scale renewable energy certificates surrendered
- > Seven liable entities had a shortfall of 10 percent or more and were required to pay a shortfall charge \$65
- > Shortfalls published on website

## Looking forward

- > Financing key determinant of impact of future construction
- > Market indicators suggest investment processes are well underway
  - > CEFC and Palisade Investment Partners
  - > AGL 'Australian Renewables Fund'
  - > ARENA large-scale solar grants
- > Future annual statements will continue to report extent committed projects and progress against the target.

**Contact Us: 1300 553 542**

**[www.cleanenergyregulator.gov.au](http://www.cleanenergyregulator.gov.au)**

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