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**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**ELECTRICITY FEED-IN (RENEWABLE ENERGY PREMIUM)
AMENDMENT BILL 2010**

EXPLANATORY STATEMENT

**Presented by
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Australian Capital Territory

Electricity Feed-in (Renewable Energy Premium) Amendment Bill 2010

EXPLANATORY STATEMENT

Preamble

This Bill amends the *Electricity Feed-in (Renewable Energy Premium) Act 2008* to, in particular:

- expand the scale of installations that qualify for Scheme coverage and benefit under the Act to generators of between 30kW and 200kW size;
- set capacity caps for Scheme components;
- clarify who is an eligible entity under the scheme; and
- remove clauses that relate to the creation of the Scheme which are now superfluous.

Clause 1

This clause notes the Bill name.

Clause 2

This clause establishes that the amended Act becomes effective on the day it is notified.

Clause 3

This clause notes that this Bill is an amending Bill.

Clause 4

This clause deletes the existing Sections 5B to 5D: *Application of the Act*, *Meaning of renewable energy generator and renewable energy source*, and *Meaning of NEL compliant*. Those meanings are replaced with amended meanings. See Clauses 4A to 4E below.

Clause 4A

This clause names and defines the size of generators eligible under the scheme.

This clause replaces Section 5C of the previous Act.

Clause 4B

This clause changes the name of the size of a generator eligible under the existing Feed-in Tariff Scheme to be a micro renewable energy generator. A micro renewable generator is up to 30 kilowatts (kW) in size.

This clause also introduces a new category size of a generator eligible under the Feed-in Tariff Scheme to be a medium renewable energy generator. A medium renewable energy generator is greater than 30kW but not more than 200kW in size.

This expansion enables larger generators to be installed on premises which can accommodate them. It may assist groups who are otherwise unable to install a generator on their premises, such as tenants, to form cooperatives to install a larger generator on a site.

This expansion also supports the original policy intent of the Act, that is, to promote renewable generation at householder and commercial building level.

Clause 4C

This clause replaces Section 5B: *Application of Act* and Section 5D: *Meaning of NEL compliant* of the previous Act.

Clause 1 of the new Section notes the Act applies to a generator installed in the ACT which is compliant with the electricity distributors' service and installation rules.

Clause 2 sets a total capacity cap for all micro renewable generators at 15MW and a total capacity cap for all medium renewable generators at 15MW.

The Act did not previously include any cap on the total capacity of installations that could benefit from feed-in arrangements. This lack of limits posed a long term and open-ended financial liability to the Territory and its residents.

Clauses 3 and 4 allow the Minister to determine another capacity cap for each Scheme by disallowable instrument.

Clause 5 clarifies that the *service and installation rules* are the requirements of the electricity distributor to safely connect a renewable energy generator to the electricity distribution network. These are made as a technical code of the *Utilities Act 2000*.

Clause 4D

This clause replaces Section 5B clauses 3 to 6.

Clause 1 of the new Section 5E introduces the concept of an *eligible entity* to replace the previous reference to the *occupier* of a premises on which a generator was located. This enables the owner of the generator to be a different person to the occupier of the premises.

Clause 3 expands definitions of eligible entities of commercial premises, cooperatives and retail premises which have been added to clause 1. These terms have legal definitions under their respective acts.

Clause 5

This clause replaces Sections 6 (2) and (3) to remove the reference to a *NEL compliant generator*, and to substitute the term *occupier* with *eligible entity*.

The reference to a NEL compliant generator has caused some confusion for installers and owners of generators. Given the scale of generator being regulated, it is more appropriate that the generator comply with the service and installation rules of the local electricity distributor.

Section 6 (3) also clarifies that an electricity retailer must make payments to the eligible entity for all electricity generated on or after the day an application for the feed-in tariff is received by the retailer. Previously there was confusion as to whether the commencement date for a 20 year contract was the date of connection of the generator or the date on which a retailer received the application for the feed-in tariff.

Clause 6

This clause removes the intermediate system size step of 10kW. A micro renewable generator under this scheme is now a generator of up to 30kW in size.

In April 2010, the Minister determined that systems of up to 10kW and systems of greater than 10kW but not more than 30kW would both receive 100% of the Premium Price. This determination of premium percentages was made by Disallowable Instrument DI2010-43 under Section 9 of the Act.

Clause 7

This clause establishes a premium percentage of 75% for medium renewable energy generators (30kW to 200kW size). It also allows for the Minister to determine another premium percentage under Section 9 of the Act.

Clause 8

This clause substitutes *eligible entity* for *occupier*.

Clause 9

This clause substitutes *eligible entity* for *occupier*.

Clause 10

This clause substitutes *eligible entities* for *occupiers*.

Clause 11

This clause substitutes *eligible entity* for *occupier*.

Clause 12

This clause omits Section 10 (4). This clause, from the original Bill that established the Scheme, applied until the Minister determined the Premium Price. The Premium Price was subsequently determined by Disallowable Instrument DI2010-42 on 31 March 2010 for the period 1 July 2010 to 30 June 2011. This Section is now redundant and is removed.

Clause 13

This clause substitutes *eligible entity* for *occupier*.

Clause 14

This clause inserts the new Dictionary definitions *compliant*, *medium renewable energy generator* and *micro renewable energy generator*.

Clause 15

This clause removes the Dictionary definitions *National Electricity (ACT) Regulations* and *NEL compliant*. These terms relate to Section 5D which has been removed.

Clause 16

This clause substitutes *eligible entity* for *occupier*.

Clause 17

This clause now refers to Section 5B instead of Section 5C due to renumbering of the Act.

Clause 18

This clause removes the Dictionary definition of *transitional franchise tariff* as the referring Section 10 (4) has also been removed.