

**2014**

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

***ELECTRICITY FEED-IN (LARGE-SCALE RENEWABLE ENERGY GENERATION)  
AMENDMENT BILL 2014***

**EXPLANATORY STATEMENT**

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## Overview

The purpose of the *Electricity Feed-in (Large-scale Renewable Energy Generation) Amendment Bill 2014* (the Bill) is to amend the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011* (the Act).

The Bill provides for:

1. an increase in the Feed-in Tariff (FiT) capacity allowable under the Act from 210MW to 550MW. This increase will facilitate the achievement of renewable energy and greenhouse gas reduction targets established under the *Climate Change and Greenhouse Gas Reduction Act 2010* (CCGGR Act ) in accordance with the Territory's climate change strategy (AP2);
2. supported generators to be located outside of the Australian Capital Region (as defined in the Act) in limited circumstances; and
3. improvements in the administration of the Act identified subsequent to the *Electricity Feed-in (Large-scale Renewable Energy Generation) FiT Capacity Release Determination 2012 (No 1)* (the Solar Auction) including those improvements recommended by the Solar Auction Review undertaken in accordance with section 22 of the Act.

The Bill strengthens the Government's ability to act to reduce the Territory's greenhouse gas emissions through investments in large-scale renewable energy generation capacity and achieve the following targets established under the CCGGR Act:

- 40% below 1990 levels by 2020;
- 80% below 1990 levels by 2050; and
- zero net greenhouse gas emissions by 2060.

The Territory's Climate Change Action Plan 2 (AP2) provides a strategic pathway for the achievement of these targets and sets of goal of 90% of the Territory's electricity consumption to be met from renewable energy sources by 2020. This target for renewable energy consumption was formalised through the *Climate Change and Greenhouse Gas Reduction (Renewable Energy Targets) Determination 2013 (No 1)*.

An independent review of the Solar Auction was completed in late 2013 which endorsed the FiT mechanism provided for by the Act and the Solar Auction process as an effective means of generating value for money through the Territory's investment's in large-scale renewable energy. The review also recommended the introduction of penalties for non-payment of FiT support payments by the ACT electricity distributor. This matter is addressed by the Bill.

During the conduct of the Solar Auction, and through ongoing consultation with industry, the Government identified further points of clarification that are addressed by the Bill.

In recognition of the local economic benefits associated with renewable energy development, AP2 foreshadowed that the Government would prioritise local renewable energy investment over more remote developments. However, the Government also recognises that creating a geographically broader-based competition under future capacity releases can benefit the Territory in the form of reduced costs and greater innovation. The Bill amends the Act to provide for this broader completion while favouring local investment and ensuring that local economic development benefits

are maximised. This is achieved by requiring that before a generator located outside of the Australian Capital Region can be granted a FiT entitlement, the Minister must be satisfied that it offers both exceptional economic development benefits to ACT renewable energy industries and minimises costs to the Territory's electricity consumers.

### **Human Rights Implications**

The Regulation does not contain provisions that engage rights under the *Human Rights Act 2004*.

## Clause Notes

**Clause 1** states that the Bill is the *Electricity Feed-in (Large-scale Renewable Energy Generation) Amendment Act 2014*.

**Clause 2** provides for the commencement of the Bill. The Bill commences on the day after its notification day.

**Clause 3** states the name of the Act that the Bill is amending. The Bill amends the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011*.

**Clause 4** substitutes a new Note 1 in the Dictionary section, Section 3 of the Act. The new Note 1 says that the dictionary at the end of the Act includes references (signpost definitions) to other terms defined elsewhere in the Act.

**Clause 5** inserts new text into the section 5(a) object of the Act to provide for the establishment of large-scale renewable energy generators in other places outside of the Australian Capital Region (as defined in the Dictionary section of the Act).

**Clause 6** changes the meaning of the term ‘capacity’ in section 7(1) of the Act to apply the new definition of *interconnected national electricity system*.

**Clause 7** deletes section 7(6) of the Act that defined the nameplate rating of a generating unit so as to simplify and improve the meaning of *capacity* under the Act.

**Clause 8** amends section 9 of the Act to increase the capacity of the generating systems that can be granted FiT entitlements under the Act from 210MW to 550MW. This increase is needed to allow sufficient capacity to meet the ACT’s renewable energy and greenhouse gas reduction targets.

**Clause 9** amends subsection 10(2)(b)(iii) of the Act to expand the area that a generator holding a FiT entitlement under the Act can be located in to include the ACT, the Australian Capital Region, and a participating jurisdiction (defined in new section 10(6) inserted by Clause 10 below).

**Clause 10** inserts a new section 10(6) into the Act that defines a ‘participating jurisdiction’ as one defined in section 2 of the *National Electricity (ACT) Law* which includes all jurisdictions that are part of the National Electricity Market (Queensland, New South Wales, ACT, Victoria, Tasmania and South Australia).

**Clause 11** substitutes subsection 11(1) of the Act to provide for the Minister granting a FiT entitlement to a generator located outside the Australian Capital Region (defined in the Dictionary section of the Act) only where the Minister is satisfied that such a generator offers exceptional economic development benefits to ACT renewable energy industries and minimise costs to the Territory’s electricity consumers.

**Clause 12** substitutes subsections (d) to (f) in section 12 of the Act to apply the new definition of *interconnected national electricity system*.

**Clause 13** substitutes subsection (a) of the Act to apply the new definition of *interconnected national electricity system*.

**Clause 14** substitutes subsection (d) of the Act to apply the new definition of *interconnected national electricity system*.

**Clause 15** substitutes sections 17A, 18, 19 and 20 into the Act to clarify that the ACT electricity distributor is responsible for paying FiT support payments to a holder of a FiT entitlement and to establish an offence for both the ACT electricity distributor and the generator for the non-payment of positive and negative amounts respectively. The provisions under section 20 for the Minister to issue FiT support payment guidelines is removed and Clause 17 (below) makes amendments to clarify that such matters can be addressed through the existing regulation-making powers of the Act.

**Clause 16** substitutes section 21 the Act to apply the new definition of *interconnected national electricity system* and to provide for the ACT electricity distributor to report on all generators subject to a grant of a FiT entitlement. Reporting obligations of the ACT electricity distributor are further limited to matters where it can be reasonably expected to hold the relevant information.

**Clause 17** substitutes subsection 25(2) and inserts 25(3) to clarify the power of the Executive to be make regulations for the Act, including for the working out and payment of a Feed-in Tariff support payments. It further increases the maximum penalty units that may apply from 10 to 30 penalty units for each offence to provide a more effective deterrent for non-compliance.

**Clause 18** inserts new definitions into the Dictionary section of the Act for ‘ACT electricity distribution system’, ‘ACT electricity distributor’, ‘AEMO’ and ‘distribution system’ (consistent with the *National Electricity (ACT) Law*).

**Clause 19** omits the definitions of ‘electricity distributor’ and ‘electricity network’ from the Dictionary section of the Act.

**Clause 20** substitutes a new definition into the Dictionary section of the Act for ‘FiT support payment’.

**Clause 21** inserts a new definition into the Dictionary section of the Act for ‘interconnected national electricity system’ (consistent with the *National Electricity (ACT) Law*).

**Clause 22** substitutes a new definition into the Dictionary section of the Act for ‘national electricity market’ (consistent with the *National Electricity (ACT) Law*).

**Clause 23** inserts new definitions into the Dictionary section of the Act for ‘network service provider’ (consistent with the *National Electricity (ACT) Law*), ‘spot market’ and ‘spot price value’.