

The Hon Wayne Swan MP
Treasurer

Senator the Hon Penny Wong
Minister for Climate Change and Water

The Hon Peter Garrett MP
Minister for the Environment, Heritage and the Arts



BUILDING AUSTRALIA'S LOW POLLUTION FUTURE WITH RENEWABLE ENERGY AND NEW SOLAR CREDITS

17 December 2008

Treasurer Wayne Swan, Minister for Climate Change Senator Penny Wong and Minister for the Environment Peter Garrett today released details on the Government's 20 per cent Renewable Energy Target and new 'Solar Credits' as part of Australia's move to a low pollution future.

"The Renewable Energy Target (RET) will ensure 20 per cent of Australia's electricity is sourced from renewables by 2020, helping us build the low-pollution economy and jobs of the future," the Treasurer said.

Draft legislation to deliver the RET was released today, following on from the release of the Carbon Pollution Reduction Scheme White Paper on Monday. While the Carbon Pollution Reduction Scheme will help bring renewable energy technologies into the market over time, the policy announced today will dramatically accelerate their use.

"We are building the low pollution economy of the future by putting a cost on carbon pollution and driving investment in renewable technologies like wind, solar and geothermal energy," Senator Wong said.

The legislation includes new Solar Credits that will provide powerful incentives for people to install micro-generation units, primarily household solar photovoltaic (PV) systems.

The Solar Credits work by allowing owners of solar panels to earn five credits (called Renewable Energy Certificates, or RECs) for each mega-watt hour of solar energy produced by their solar panels. These RECs will act as an upfront capital cost subsidy worth around \$7,500 for purchasers of solar PV systems.

"Australians want to do their bit to take action on climate change. That is already clear with a record number of households going solar this year," Mr Garrett said.

"These new Solar Credits will help households, small businesses and community groups get assistance with the up-front cost of first-time new solar systems into the future. This will provide more Australian households with the opportunity to go solar, and the industry with a strong footing for long-term growth."

Mr Garrett said that under the new arrangements, Solar Credits would provide multiple RECs for new micro-generation systems – primarily solar panels – up to 1.5 kilowatts.

The credits would assist with up-front costs, providing a multiple of five times the value of RECs from the next financial year, and would phase down to 2015-16.

“This builds on the extraordinary success of the Solar Homes and Communities Plan, which will transition to ‘Solar Credits’ in 2009. We are continuing to meet demand in the Solar Homes and Communities Plan, and we will work with industry to ensure a smooth transition to these new arrangements.”

Today’s announcement follows the Prime Minister’s announcement on Sunday that the entire \$500 million Renewable Energy Fund would be brought forward to invest in cutting edge renewable energy projects over the next 18 months.

“Strong investment in renewable energy will help drive Australia’s transition to the low pollution economy, creating new jobs now and into the future,” the Treasurer said.

The Australian Government has meanwhile been working cooperatively with the states and territories to finalise the RET scheme design through the Council of Australian Governments (COAG).

COAG has agreed to consider the final RET scheme design at its first meeting in 2009.

“Legislation to implement the RET scheme will be in place by mid-2009 to ensure that the new, increased annual target will commence from 2010,” Senator Wong said.

“The proposed amendments would legislate for a target of 45,000 gigawatt-hours (GWh) of electricity to be sourced from renewables sources, like solar, wind and geothermal in the year 2020.”

A number of renewable energy projects have already been approved under Victoria’s renewable energy scheme and these projects will be eligible under the Rudd Government’s RET. This ensures no developments already approved in Victoria are disadvantaged.

Eligibility requirements for the RET would be the same as for the current Mandatory Renewable Energy Target.

A discussion paper on RET affected trade-exposed industries will also be released before the end of the year.

The draft *Renewable Energy (Electricity) (Amendment) Bill 2008* and supporting regulations are available on the Department of Climate Change website at: www.climatechange.gov.au

Comments on the exposure draft legislation should be sent to the Director, Renewable Electricity Markets, Department of Climate Change, GPO Box 854, Canberra, ACT, 2601 by
13 February 2009