

**Legislative Assembly for the Australian Capital Territory**

**Electricity Feed-in (Renewable Energy Premium) Bill 2008**

**Explanatory Statement**

**Mick Gentleman MLA  
Member for Brindabella**

## **Purpose**

This Act provides the mechanisms required to encourage the uptake of renewable energy electricity generation.

## **Background**

There is scientific evidence that humans are contributing heavily to the adverse affects of climate change by adding vast amounts of carbon dioxide (CO<sub>2</sub>) and other greenhouse polluting gases into our atmosphere. One of the greatest sources of greenhouse pollution is the burning of fossil fuels for energy generation.

The adverse effects can be minimized, if not repaired, if the global community reduces the amount of greenhouse pollution that is currently created from non-renewable energy.

Unlike non-renewable energy sources such as fossil fuels, renewable energy is derived from sources that do not deplete natural resources and emit very few greenhouse gas emissions.

At present renewable energy electricity generation is an expensive alternative to coal fired sources. Feed-in tariffs, which are currently in operation in over 40 countries and provinces around the world, are proven to be the single most effective incentive to reduce the economic barrier and encourage the uptake of renewable energy generation.<sup>1</sup>

This Bill is designed to provide a framework that enables a capital investment into renewable energy electricity generation to be recouped within a 10 year period.

There are three separate renewable energy electricity generation capacity levels and corresponding payment levels to reflect the capital investment required for larger generators. These are:

> 10kWh at the premium rate

10kWh – 30kWh at 80% of the premium rate

30kWh < at 75% of the premium rate

The term 'kWh' as defined in the Webster's dictionary is a unit of work or energy equal to that expended by one kilowatt in one hour or to 3.6 million joules.

The legislation requires the distributor to connect and purchase the gross amount of renewable energy generated electricity from those who supply renewable energy electricity to the distribution network.

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<sup>1</sup> Mendonca. M (2007), Feed-in Tariffs: accelerating the deployment of renewable energy, Earthscan, London United Kingdom

The concern of equity has been addressed by inserting a clause that provides for a direction by the Independent Competition and Regulatory Commission that any cost incurred by the Electricity Feed-in Act 2008 must be passed on in proportion to the electricity consumed by each customer.

This has a secondary effect of encouraging consumers to use less electricity.

## **Details of the legislation**

### **Part 1**

#### **Preliminary**

**Section 1** provides for the name of the legislation as the Electricity Feed-in Act 2008.

**Section 2** provides for the commencement of the Act on the day after its notification.

**Section 3** states that the object of the Act is to promote the generation of electricity from renewable energy sources.

**Section 4** provides for a dictionary to be part of the Act.

**Section 5** states that notes included in this Act are explanatory and are themselves part of the Act.

### **Part 2**

#### **Renewable energy sources – supply to electricity distributors**

**Section 6** applies to matters relating to the supply of electricity from a renewable energy generator to the distributor's network.

Clause:

- (1) States who this section applies to.
- (2) Outlines the conditions and requirements of connections for the electricity distributor:
  - a. The distributor *must* connect a renewable energy generator; and
  - b. The distributor *must* buy the electricity
- (3) Provides parameters for generation capacity and relative payment. It also states that the distributor must pay for the *total* (gross) amount of electricity supplied to the distributor's network.

**Section 7** states the action required by a distributor under section 6 is a utility service for the Utilities Act 2000.

**Section 8** provides: -

Clause

- (1) that the distributor must determine the standards that apply in relation to renewable energy generators that may be connected to the distributor's electricity network;
- (2) that a determination under this section is a notifiable instrument;
- (3) requires the distributor to publish the standards

### **Part 3 Renewable energy premium – determination of rate**

**Section 9** provides conditions for the determination of the premium rate:

Clause:

- (1) States that the Minister *must* determine the premium rate for each financial year;
- (2) States that a determination is a disallowable instrument;
- (3) States considerations that the Minister *must* take in determining the premium rate; and
- (4) Provides the premium rate until the Minister determines otherwise.

**Section 10** provides the length of time that the premium rate will apply (20 years) -

- (1) to connections made in each financial year; and
- (2) for any temporary disconnections.

### **Part 4 Miscellaneous**

**Section 11** provides that the executive may make regulations for this Act

**Section 12** provides a review of the Act

**Section 13** amends the Independent Competition and Regulatory Commission Act 1997.

**Section 14** amends the Independent Competition and Regulatory Commission Act 1997 to give consideration to the cost incurred from the Electricity Feed-in Act 2008 when determining the price of electricity.