

Senate Standing Committee on Environment and Communications

Inquiry into the provisions of the Australian Renewable Energy Agency Bill 2011 and Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Bill 2011

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

28 October 2011

Question:

The Australian Centre for Renewable Energy submitted that the Renewable Energy Equity Fund will transition to ARENA once established (p. 1) but this is not specified in subclause 2(1) of Schedule 2 of the Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Bill 2011. Please explain this discrepancy.

Answer:

The Renewable Energy Equity Fund (REEF) will not be transitioned to ARENA once established; the reference to REEF in the submission from the Australian Centre for Renewable Energy was an error. The Department is to maintain responsibility for the REEF program, as the program is ending and its funding is fully committed.

Question:

The Australian Centre for Renewable Energy has also indicated that the Advanced Electricity Storage Technologies Program and Wind Energy Forecasting Capability initiative will not transition to ARENA (p. 1). Can you please clarify why not?

Answer:

The Wind Energy Forecasting Capability initiative will not be transitioned to ARENA as it concluded on 30 June 2009. The Department is to maintain responsibility for the Australian Electricity Storage Technologies (AEST) program, as the program is ending and its funding is fully committed.

Question:

GE Energy and the Clean Energy Council noted that the Connecting Renewables initiative is not defined as a transferred Commonwealth funding agreement in subclause 2(1) of Schedule 2 of the Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Bill 2011 (p. 2 and p. 2, respectively). Why is this initiative not included in that bill?

Answer:

Subclause 2(1) of the Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Bill 2011 transfers relevant funding agreements. There are no funding agreements to transfer under the Connecting Renewables Initiative. Should a funding agreement be entered into before 1 July 2012 it would transfer pursuant to subclause 2(1)(a)(vii) as a funding agreement under a program or initiative specified by the Minister, or pursuant to subclause 2(b) as an agreement specified by the Minister. The uncommitted monies from the Connecting Renewables Initiative are included in the table set out in clause 64 of the Australian Renewable Energy Agency Bill 2011.

Question:

GE Energy questioned why the Australian Renewable Energy Agency Bill 2011 and Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Bill 2011 do not refer to the two additional funding sources identified in the Clean Energy Agreement (p. 3). Can you please explain why the bills make no mention of those funding sources?

Answer:

It should firstly be noted that the Clean Energy Finance Corporation (CEFC) does not yet exist. Therefore, in relation to dividends from the CEFC, it is submitted that it is appropriate that future legislation to establish the CEFC – rather than ARENA's legislation, given that the CEFC does not yet exist – will give effect to this commitment. In relation to the monies comprising a share of the future carbon price revenue notionally allocated to the Jobs and Competitiveness Program, should it be reallocated to ARENA following Productivity Commission Reviews, these monies can be paid to ARENA pursuant to subclause 67(1)(b), just as the CEFC dividends can be paid to ARENA under this subclause.

Question:

GE Energy also queried whether the amounts specified in subclause 64(1) of the Australian Renewable Energy Agency Bill 2011 include amounts which might become available from the two additional funding sources identified in the Clean Energy Agreement (p. 3). What is your response?

Answer:

The amounts specified in subclause 64(1) do not include the (currently unquantified) amounts which might become available from additional funding sources. Clause 64 sets out current appropriations, which will be drawn down by ARENA pursuant to clause 65. Subclause 67(1) provides that ARENA's money consists of money paid to ARENA under section 65 and 'any other money received by ARENA'. It is intended that any money received as dividends from the CEFC or from a share of the future carbon price revenue notionally allocated to the Jobs and Competitiveness Program would be paid to ARENA under subclause 67(1)(b).