

Submission to the Senate Enquiry into the Renewable Energy (Electricity) Amendment Bill 2010

General Comments – “Who is affected”

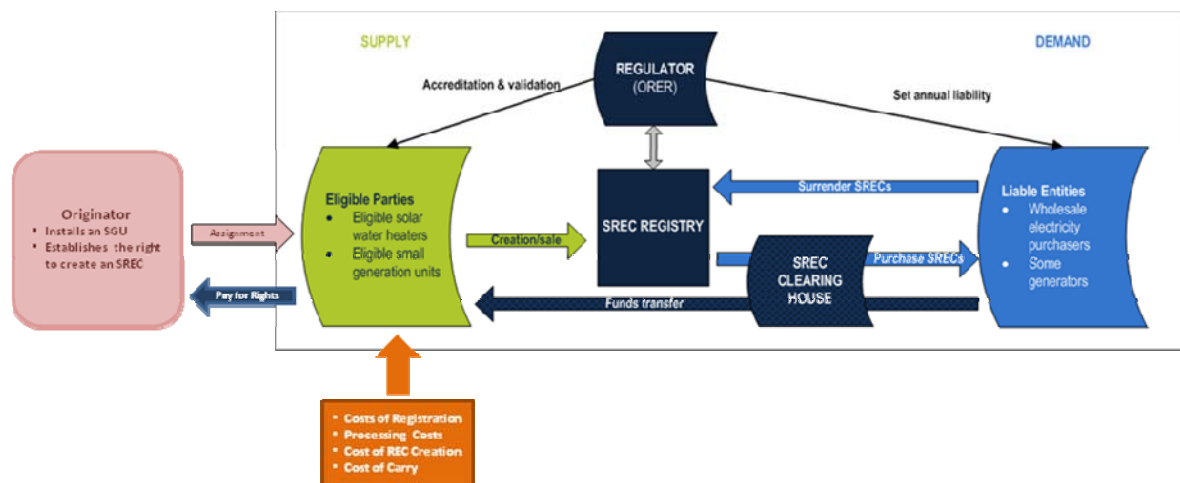
There is a fundamental error in the concept and execution of the revised Scheme.

Please refer to pages 6 and 7 of the Explanatory Memorandum.

As is the case in the current RET Scheme, **the installation of small-scale technologies does not create an REC**, it simply establishes the **right** to create a REC.

The Explanatory Memorandum confuses the right to create a REC with a “created REC”. It also confuses the **Originator** (a person or organisation that installs an SGU and establishes the right to create an REC) with an **Eligible Party** (a person or organisation that is a REC Registry account holder and registered with ORER to create a REC).

The use of the term “REC creator” in the Explanatory Memorandum (page 7) covers both the Originator and the Eligible Party.



Compliance Costs

A REC has to be created by a person or entity that is a REC Registry Account Holder and Registered with ORER (i.e. an **Eligible Party**).

There are only two ways for “households, small businesses and community groups” (**Originators**) to obtain value for an activity that establishes their right to create a REC:

- assign their **right** to create RECs to a registered agent (an **Eligible Party**) in exchange for a financial benefit (e.g. cash payment, point-of-sale discount on SGU), or
- establish an account in the online REC Registry and become a Registered Person with ORER, and then create RECs themselves (i.e. become an **Eligible Party** themselves).

In both cases there is a cost of processing and a cost of carry (i.e. the opportunity cost of holding SRECs until they are required to be surrendered or sold) caused by the delay in the receipt of the payment for the RECs created. Both these issues carry over into the SRES.

Who does the Government expect to bear the cost of processing and creation of SRECs and the cost of carry until the acquittal date? How will these costs be met given that the stated¹ object of the changes to the Scheme are to guarantee Originators \$40 for each SREC while Liable Entities only have to pay \$40 for each SREC?