

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 228
Hearing: Additional Estimates
Outcome: Agency
Programme: Clean Energy Regulator
Topic: Large-scale generation certificates
Hansard Page: N/A
Question Date: 24 February 2016
Question Type: Written

Senator BACK asked:

Referring to the answer to QON 122 (Supplementary estimates in October 2015), in which it was stated that the Clean Energy Regulator does not keep a record of the daily spot prices but does keep a record of weekly prices that are recorded at the 4pm close of market each Friday, does the CER keep a record of the number of Large-scale Generation Certificates (LGCs) issued each week?

In order to ascertain the cost of the scheme to the electricity consumer, would it be fairly straightforward to multiply the number of LGCs issued historically each week by the market price recorded each Friday for that week?

Answer:

1. Yes, the number of registered LGCs is recorded in the Clean Energy Regulator's REC Registry and the Clean Energy Regulator can produce weekly numbers.
2. No, multiplying the number of LGCs issued historically each week by the spot price recorded each week would not provide the cost of the scheme to the electricity consumer. The pass-through costs associated with the scheme are based on statutory demand and not supply of LGCs.

Relatively small volumes of LGCs are purchased through the spot market. The vast majority of LGCs are transferred between entities via longer term offtake agreements, where liable entities directly source LGCs from renewable generators. The Clean Energy Regulator is not privy to the price of these agreements as they are commercial in nature and confidential.

The cost to the electricity consumer is a function of:

- a) the number of LGCs retailers must surrender to the Clean Energy Regulator according to the Renewable Power Percentage as set by the Minister each year in the *Renewable Energy (Electricity) Regulations 2001*;
- b) what the retailers can pass through to consumers in a competitive market; and
- c) any downward pressure the scheme may place on wholesale electricity prices as referenced on page 18 of the 'Report of the Expert Panel on the Renewable Energy Target Scheme'.