

Senate Finance and Public Administration Legislation Committee
ANSWER TO QUESTION ON NOTICE
Prime Minister and Cabinet Portfolio
Department of Climate Change
Budget Estimates Hearing–May 2009

Written question reference: CC34a-b

Outcome/Output: Outcome 1, Output Group 1.1 – Response to climate change

Topic: Price of Renewable Energy Certificates

Hansard Page: Not relevant for written QoN

Question: (Senator Boswell)

What in your best estimate will be the price of renewable energy certificates for every year from 2010 to 2020?

- a) If you multiply the estimated price of the certificates by the annual target does this give you the total annual cost to the economy of subsidising renewable energy generation?
- b) What does this cost come to each year from 2010 to 2020?

Answer:

McLennan Magasanik Associates (MMA) undertook modelling for the Department on the 'Benefits and Costs of the Expanded Renewable Energy Target', January 2009 (a report is available on the Department's website, at www.climatechange.gov.au). The report contains details on the projected price path for Renewable Energy Certificates (RECs) over the life of the RET scheme. The modelling indicates that REC prices are expected to be between \$66 and \$42 per certificate between 2010 and 2020.

- a) No. Multiplying the number of renewable energy certificates by the price of renewable energy certificates calculates the amount that is paid (or transferred) to generators of renewable energy. This is not the same as the cost to the economy because it includes this element of transfer.
- b) See answer to part (a), this is not the cost to the economy.