

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: CC39

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

Topic: Electricity-intensive, trade-exposed industries

Hansard Page: Not relevant for written QoN

Question: (Senator Boswell)

The Government has stated that the electricity-intensive, trade-exposed industries will be excluded from the renewable energy target. Does this mean that electricity consumed by these industries will be excised from the scheme or will other industries and households have to pick up the slack in paying for subsidised energy?

Answer:

On 30 April 2009, the Council of Australian Governments (COAG) agreed to the design of the Renewable Energy Target (RET) scheme. The design included partial legislative exemptions under the RET for activities that are emissions-intensive, trade-exposed (EITE) under the Carbon Pollution Reduction Scheme (CPRS).

As outlined in the COAG Communique, the provision of assistance recognises the impact of the RET on trade-exposed industries in the context of the CPRS being introduced and the additional pressures these firms are experiencing as a result of the global recession. The cumulative impact of the CPRS and RET affects firms using electricity as part of their production processes, and where international competition limits their ability to pass electricity cost increases on to their customers.

All electricity users will contribute to supporting renewable energy. The RET assistance will only apply in respect of the expanded portion of the target, namely the liability above the 9,500 gigawatt-hours (GWh) under the existing Mandatory Renewable Energy Target.

Partial exemptions will apply for either 90 per cent or 60 per cent of liability that relates to the portion of the target above 9,500 GWh, corresponding to whether the EITEs entity is identified as eligible for CPRS assistance in the 90 per cent or 60 per cent categories.

The overall targets under the RET will be maintained to reach 45,000 GWh in 2020, irrespective of the assistance provided to EITEs under the RET.