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MINISTER FOR RESOURCES AND ENERGY  
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B10/843

Senator Anne McEwen  
Chair of the Senate Standing Committee on Environment,  
Communications and the Arts  
PO Box 6022  
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CANBERRA ACT 2600

27 APR 2010

Dear Senator McEwen *Anne*

On 10 November 2008 the Environment, Communications and the Arts Senate Standing Committee brought down the report on the *Renewable Energy Electricity (Feed-In Tariff) Bill 2008*, putting forward a number of recommendations.

I am responsible for coordinating the Government's response to the recommendations of this report, and would like to advise you that the Government's response will be tabled in the Senate shortly. A copy of the Government's response is attached for your information.

Yours sincerely

Martin Ferguson

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## Government Response

to the

### Senate Inquiry into the *Renewable Energy Electricity (Feed-in Tariff) Bill 2008*

Senate Committee Recommendation	Government Response
<p><b>Recommendation 1:</b></p> <p>Noting strong industry, consumer and government support for FIT schemes, the committee recommends that the Commonwealth government, through COAG, work as quickly as practicable to implement a FIT framework that is as far as possible nationally uniform and consistent.</p>	<p>The Government supports this recommendation.</p> <p>On 29 November 2008 COAG announced the adoption of a set of national principles to apply to new state and territory feed-in tariff schemes and to inform reviews of the existing schemes. These principles are available on COAG website at <a href="http://www.coag.gov.au">www.coag.gov.au</a>. The Ministerial Council on Energy (MCE) has agreed to develop a work program to give effect to the COAG national principles for feed-in tariffs for renewable energy.</p>
<p><b>Recommendation 2:</b></p> <p>The committee recommends that all governments consider carefully the evidence received by this Senate inquiry regarding metering, as well as the track record of existing FIT schemes overseas, in designing a nationally consistent FIT framework for Australia.</p>	<p>The Government notes this recommendation.</p> <p>The Government, through the COAG Working Group on Climate Change and Water, took into consideration metering issues and international experience during the development of the national principles for feed-in tariffs for renewable energy. The Government expects that work being undertaken by the Ministerial Council on Energy on smart metering requirements will retain sufficient flexibility to support the particular tariffs in place for different customers.</p>
<p><b>Recommendation 3:</b></p> <p>The committee recommends that a more regular system of payments to generators be considered than the annual payments in the proposed bill.</p>	<p>The Government notes this recommendation.</p> <p>The COAG national principles state that any premium feed-in tariff rate be set by jurisdictions, and that the arrangements for the payment of that tariff be incorporated into the regulation of the minimum terms and conditions for retail contracts to ensure that they are no less favourable than those for other retail customers.</p>

Senate Committee Recommendation	Government Response
<p><b>Recommendation 4:</b></p> <p>The committee recommends that tariff depression rates form part of the nationally consistent FIT framework, but that there also be capacity for depression rate 'pauses' to be instituted following a rate review procedure.</p>	<p>The Government notes this recommendation.</p> <p>The national principles set out that any premium feed-in tariff rates are to be jurisdictionally determined and should be transitional in nature, with clearly defined time limits and review thresholds to ensure that not only is assistance effective, but that the schemes are complementary to other climate change initiatives, particularly the Carbon Pollution Reduction Scheme (CPRS).</p>
<p><b>Recommendation 5:</b></p> <p>The committee recommends that tariff depression rates be technology-specific.</p>	<p>The Government notes this recommendation.</p> <p>The COAG national principles state that any premium feed-in tariff rates be set by jurisdiction and technologies to which these feed-in tariffs will apply.</p>



Senate Committee Recommendation	Government Response
<p><b>Recommendation 6:</b></p> <p>While strongly supporting a nationally consistent feed-in tariff framework, the committee recommends the current Bill not proceed.</p>	<p>The Government supports this recommendation.</p> <p>The Government agrees that there is value in seeking to ensure that state and territory feed-in tariff schemes are nationally consistent, as far as is practicable, and notes the work in this area being undertaken through the Ministerial Council on Energy on behalf of COAG.</p> <p>The Renewable Energy Target is the key policy mechanism for encouraging investment in renewable energy generation.</p> <p>On 26 February 2010, the Minister for Climate Change and Water, Senator the Hon Penny Wong, and the Minister Assisting the Minister for Climate Change, the Hon Greg Combet AM MP, announced changes to be made to the Renewable Energy Target scheme. From January 2011, the existing scheme will include two parts – the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET).</p> <p>The new SRES will provide \$40 for each Renewable Energy Certificate (REC) created by small-scale technologies like solar panels and solar water heaters. The number of systems receiving support under the SRES will be uncapped. These measures provide certainty for the small-scale sector and households, small businesses and community groups. The Government will review the operation of the SRES in the context of the planned 2014 statutory review of the Renewable Energy Target to ensure the fixed price for RECs remains relevant.</p>