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THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

Renewable Energy – Electricity (Water Heaters and Phantom Certificates) Bill 2010

EXPLANATORY MEMORANDUM

(Circulated by authority of Senator Milne)

**Renewable Energy – Electricity (Water Heaters and Phantom Certificates)
Bill 2010
Explanatory Memorandum**

The purpose of the Renewable Energy – Electricity (Water Heaters and Phantom Certificates) Bill 2010 is to urgently improve the integrity of Renewable Energy Certificates (RECs) to sustain investment in renewable energy power stations, as well as provide longer-term investment certainty to the manufacturers and installers of efficient hot water systems. This Bill requires:

- 1) The Minister to develop and announce an alternative approach to support solar hot water systems and heat pump hot water system industries by July 2011, for commencement in July 2012. An obvious option would be a national energy efficiency credit trading scheme – effectively an energy efficiency policy equivalent of the renewable energy target.
- 2) That the Minister ensures that the phasing-out of electric resistance water heaters agreed by the Council of Australian Governments and included in the National Strategy on Energy Efficiency (dated July 2009) is completed by 30 June 2012.
- 3) That the number of RECs created by solar hot water systems and heat pump hot water systems each year, for the years 2009/10 to 2012/13, be added to the subsequent year's renewable energy target. The adjusted target must be determined by the Regulator by 30 September each year for the following year, so that 2014 will be the final year of adjusting the target in relation to RECs for hot water systems. This allows time for RECs created in relation to hot water systems installed on or before 30 June 2012 to be created and registered.
- 4) That the number of "phantom RECs" created in relation to small generation units each year, for the years 2009/10 to 2014/15 (the end of the scheme which allows for the creation of "phantom" RECs), must be added to the subsequent year's renewable energy target. The adjusted target must be determined by the Regulator by 30 September each year for the following year, so that 2016 will be the final year of adjusting the target in relation to "phantom" RECs. This allows time for all "phantom" RECs to be created and registered.