

EXPLANATORY STATEMENT

Issued by the authority of the Minister for Climate Change and Energy

Renewable Energy (Electricity) Act 2000

Clean Energy Regulator Act 2011

Renewable Energy Legislation (2026 Measures No. 1) Amendment Regulations 2026

Legislative Authority

The *Renewable Energy (Electricity) Act 2000* (**REE Act**) provides the framework for the Large-scale Renewable Energy Target (**LRET**) and Small-scale Renewable Energy Scheme (**SRES**). Objects of the REE Act include encouraging the additional generation of electricity from renewable sources and contributing to the achievement of Australia's greenhouse gas emissions reduction targets.

The *Renewable Energy (Electricity) Regulations 2001* (**REE Regulations**) are made under section 161 of the REE Act which provides that the Governor-General may make regulations prescribing all matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Clean Energy Regulator Act 2011* (**CER Act**) establishes the Clean Energy Regulator (**CER**) and its functions as those conferred to it under various other Acts or the *Clean Energy Regulator Regulations 2011* (**CER Regulations**). The CER has a role in accelerating carbon abatement for Australia, including through administering Australian Government schemes to measure, manage, reduce and offset carbon emissions in Australia. This includes the LRET and SRES programs.

The CER Regulations are made under section 57 of the CER Act, which provides that the Governor-General may make regulations prescribing all matters required or permitted by the CER Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the CER Act.

Purpose

The *Renewable Energy Legislation (2026 Measures No. 1) Amendment Regulations 2026* (**Amendment Regulations**) amends REE Regulations and CER Regulations to:

- 1) give effect to changes to the Cheaper Home Batteries Program (**CHB Program**) effective from 1 May 2026;
- 2) confer additional functions to the CER to enable it to undertake new activities that support the administration of the CHB Program; and
- 3) set the Renewable Power Percentage (**RPP**) and the Small-Scale Technology Percentage (**STP**) for 2026.

Amendments relating to the CHB Program

The adjustments are intended to allow the CHB Program to support more Australian households, small businesses and community organisations install a cheaper home battery that helps reduce emissions, cut electricity bills and deliver market benefits that put downward

pressure on all electricity bills. In particular, the method for calculating the Small-scale Technology Certificate (STC) entitlements for batteries is revised in the REE Regulations to:

- Reduce the STC Factor to more closely align with declining battery costs and accelerate the rate of decline in the STC Factor from annually to twice yearly. (**Table 1**)

Year	Period	Amended STC Factor
2026	1 May – 31 December	6.8
2027	1 January – 30 June	5.7
	1 July – 31 December	5.2
2028	1 January – 30 June	4.6
	1 July – 31 December	4.1
2029	1 January – 30 June	3.6
	1 July - 31 December	3.1
2030	1 January – 30 June	2.6
	1 July – 31 December	2.1

- Introduce a taper rate to the STC creation entitlement to ensure the level of support remains appropriate across different battery sizes. (**Table 2**)

	Battery size	Tapered discount
Tier 1	Up to and including 14 kilowatt-hour (kWh)	100% of STC factor
Tier 2	>14 kWh up to and including 28 kWh	60% of STC factor
Tier 3	>28 kWh up to and including 50 kWh	15% of STC factor

The purpose of the changes to the STC Factor and STC entitlement seek to ensure:

- the discount remains appropriate for a range of batteries across battery sizes;
- the discount aligns with falling battery costs over time; and
- the Commonwealth can continue to support battery installations over the life of the SRES.

This amendment commences 1 May 2026. On 1 January 2026, the STC Factor declined to 8.4 per kWh of useable capacity. For batteries installed prior to 1 May 2026, the original STC Factor in the REE Regulations for the year of installation will apply. For the avoidance of doubt, this is:

- 2025: 9.3 STCs per kWh of useable capacity.
- 2026 (prior to 1 May): 8.4 STCs per kWh of useable capacity.

The Amendment Regulations also prescribe a new function on the CER to enable it to undertake new activities that support administration of the CHB Program.

This includes the ability for the CER to either directly purchase and surrender STCs of an equivalent volume created from the installation of eligible batteries under the CHB Program, or indirectly assisting the Department of Climate Change, Energy, the Environment and Water (the **department**) in the purchase and surrender of STCs under the CHB Program. Any purchasing of STCs by CER to support the administration of the CHB Program will be through the Clearing House only (rather than the STC market more broadly), consistent with the process used to date by the department for purchasing STCs under the CHB Program.

This amendment commenced at the same time the Amendment Regulations commenced to ensure the Commonwealth is able to respond in a timely manner to changes in demand under the CHB Program. The CHB Program is demand-driven and, as in the case with other renewable energy technologies under the SRES, demand can fluctuate over time. Under the CHB Program, the Commonwealth has committed to funding support for batteries (being a small generation unit that is a ‘battery connected (solar PV) small generation unit’, as defined under section 3C of the REE Regulations) by purchasing and surrendering the equivalent volume of STCs created for batteries. It is important that participants in the CHB Program can rely on proactive and timely Commonwealth activity in the STC market. Expanding the administrative capabilities of the CER to, as needed, purchase and surrender, STCs on behalf of the Commonwealth would provide certainty for market participants during periods of high demand.

Amendments relating to 2026 RPP and STP

Subsections 39(1) and 40A(1) of the REE Act provide that regulations specifying the RPP and STP respectively, for a given year, must be made on or before 31 March of that year. In addition to, and separately from, the amendments relating to the CHB Program, the Amendment Regulations also prescribe the RPP and STP factors for 2026 in line with the requirements of section 39 and 40A of the REE Act.

Under the REE Act, large-scale generation certificates (**LGCs**) and STCs may be created for energy generated or displaced by eligible renewable energy systems. The REE Act requires wholesale purchasers of electricity (liable entities who are typically electricity retailers) to surrender a set amount of LGCs and STCs to the CER each year. This surrender requirement creates demand for these certificates, enabling those who build and install eligible energy systems to trade certificates in an open market.

The share of the total cumulative liability for LGCs and STCs is determined by multiplying the RPP and the STP, respectively, by the amount of wholesale electricity a liable entity has purchased in that year. The percentages inserted by these Amendment Regulations are used by liable entities to calculate the amount of LGCs and STCs to be surrendered to the CER each year.

The amendments relating to the 2026 RPP and STP commenced at the same time the Amendment Regulations commenced, to ensure that the requirements under subsections 39(1) and 40A(1) of the REE Act, being that such amendments are made on or before 31 March in each given year, is met, and that liable entities have the necessary information to make decisions relating to their LGC and STC surrender requirements or shortfall charges.

Background

Small-scale Renewable Energy Scheme

Under the SRES, liable entities such as electricity retailers must surrender STCs to the CER each year, creating demand for certificates and incentivising investment in eligible renewable energy systems. STCs equal to 1 megawatt hour (MWh) of renewable electricity generated, stored or displaced by eligible systems can be created on installation of an eligible small-scale renewable energy system, such as wind or solar. The STCs can be traded or sold through the STC Clearing House (administered by the CER) or on the open market, and can thereby help reduce the upfront cost of installing renewable energy systems.

To ensure quality and safety, under SRES, relevant products and inverters creating STCs must be: installed to meet state and territory electrical safety requirements and installation standards, including having a certificate of electrical compliance issued; have components listed on the Clean Energy Council (CEC) approved product list and be installed by an installer with relevant accreditation such as with Solar Accreditation Australia (SAA). Small generation units covered by the scheme are also subject to an inspection regime, with non-compliance referred to relevant authorities, including state and territory electrical safety regulators.

Cheaper Home Batteries Program

The CHB Program was provided for in the 2025-26 Budget and announced during the election in April 2025. It is intended to help both deliver long term cost of living relief and contribute to Australia's greenhouse gas emissions reduction targets, including delivering 82% renewable electricity by 2030.

The CHB Program is an expansion of the SRES which included, from 1 July 2025, batteries connected to new or existing solar PV systems between 5 kWh and 100 kWh in nominal capacity, providing an upfront discount on the cost of installing a small-scale battery to 2030.

Eligibility criteria under the CHB Program are specified in section 20ACA of the REE Regulations. The discount is based on the battery's usable capacity and the number of STCs the battery is eligible for under the SRES. The number and value of STCs represent the upfront discount to the price of an installed battery. Generally, the consumer or system owner opts to relinquish their rights to create STCs in return for an upfront discount to the price of an installed battery, which are ordinarily sold to liable entities who have an obligation to surrender STCs annually.

The CHB Program is prescribed in the *Industry Research and Development (Cheaper Home Batteries Program) Instrument 2025* and involves the purchase (and surrender) of STCs equivalent to the number created under the REE Regulations in relation to battery connected (solar PV) small generation units (as defined under section 3C of the REE Regulations).

Expansion of the Cheaper Home Batteries Program

On 13 December 2025, the Australian Government announced it would expand the CHB Program from original estimates of \$2.3 billion to an estimated \$7.2 billion over the next four years. This is expected to see more than 2 million Australians install a battery by 2030, delivering around 40 gigawatt hours of additional storage capacity.

Stored rooftop solar via batteries is good for the grid, playing an increasingly important role in smoothing out evening demand and reducing peak pricing which benefits all bill payers. Data from the Australian Energy Market Commission found, even on a conservative outlook,

increased home battery uptake could deliver a 3% reduction in bills annually across the energy system as it evens out those expensive peaks.

In terms of the benefits for individual households, the Australian Energy Market Commission has found that a household that installs a 10kW rooftop solar system can typically save around \$1,000 annually on their electricity costs. If they install a 15kWh battery as well, they can save an additional \$600 annually. If a household has electrified their vehicle, installing solar saves them around \$1,200 annually. If they install a battery as well, they can save an additional \$900 annually.

Since launch on 1 July 2025, the CHB Program has supported over 200,000 batteries across Australia, exceeding anticipated uptake under the program with deployment particularly strong in regional, rural and suburban areas. The amount of support a battery is entitled to is determined by the number of STCs that can be created per kWh of usable capacity installed, with a maximum cap of support available up to the first 50 kWh. The intent of the program was to provide approximately a 30% discount on the upfront cost of installing a battery.

Under the original program settings, a set number of STCs per kWh was applied at a flat rate (**STC Factor**). In 2025, the STC Factor was set at 9.3 under section 20(7) of the REE Regulations. The STC Factor was also set to decline by 10% each calendar year to 2030. This was based on the anticipated decline in battery prices and ensure support under the program remained proportionate to battery costs overtime.

The method for calculating the STC entitlements for batteries has been revised to:

- 1) provide for new STC Factors:
 - a. declining at a higher rate than the previous 10% annual decline, and
 - b. more frequently (twice a year instead of annually); and
- 2) apply a taper rate to STC entitlement based on battery capacity.

The changes ensure the support available remains appropriate for small, medium and larger battery systems and aligns with declining battery costs. The changes to STC entitlement do not change the eligibility criteria under the CHB Program specified in section 20ACA of the REE Regulations.

Clean Energy Regulator

The CER has a role in accelerating carbon abatement for Australia, including through administering Australian Government schemes to measure, manage, reduce and offset carbon emissions in Australia. This includes the administration of the Renewable Energy Target (**RET**), through the SRES.

Section 12(ba) of the CER Act provides that the CER Regulations can confer on the CER functions which contribute towards the achievement of Australia's greenhouse gas emissions reduction targets.

Renewable Power Percentage and the Small-Scale Technology Percentage

Under the REE Act, liable entities such as electricity retailers, must surrender LGCs and STCs to the CER each year, creating demand for certificates and incentivising investment in eligible renewable energy systems. The RPP and STP are used by the CER to determine the certificate surrender requirements or shortfall charges of liable entities. These percentages are

calculated using standard formulas published by the CER, incorporating considerations prescribed in sections 39 and 40A of the REE Act.

Impact and effect

Cheaper Home Batteries Program changes

The SRES creates a market to incentivise the generation and use of renewable energy.

STCs (equal to 1 MWh of renewable electricity generated, stored or displaced by eligible systems) can be created on installation of an eligible small-scale renewable energy system, such as wind, solar.

Under section 23B of the REE Act, each STC has equal and consistent value. The 1 May 2026 changes to STC entitlement for different tiers of battery sizes does not apply a variable or inconsistent STC value, nor does it change the base STC Factor at the time of installation. While the value of an STC remains consistent, the entitlement to create STCs and the application of the STC Factor tapers as battery capacity increases. Therefore, the amendment to subsection 20(7) in the REE Regulations is consistent with the REE Act.

New Clean Energy Regulator function

The new CER function of supporting the administration of the CHB Program (including by either direct purchase and surrender, or by indirectly assisting the department in the purchase and surrender of STCs) contributes towards the achievement of Australia's greenhouse gas emissions reduction targets, consistent with the CER's statutory functions under section 12(ba) of the CER Act.

The department has worked with the CER to appropriately manage the CER's participation in the STC Clearing House, taking into account its role as the administrator of the RET Scheme. A number of measures are in place to ensure that the new functions of the CER are clearly defined and consistent with the expected operation of the CHB Program.

Setting the 2026 Renewable Power Percentage and the Small-Scale Technology Percentage

The Amendment Regulations specify that the RPP for 2026 is 16.67 per cent, decreasing from 17.91 per cent in 2025, and that the STP for 2026 is 11.67 per cent, decreasing from 13.89 per cent in 2025.

The lower RPP and STP in 2026 means that liable entities will be required to surrender fewer LGCs and STCs relative to their wholesale electricity purchases when compared to 2025. As their certificate surrender requirements are lower, liable entities will incur lower costs in meeting their obligations under the REE Act in 2026 compared to 2025. These lower costs may be passed through to electricity consumers in part or in full.

Consultation

The changes to STC entitlement underwent targeted consultation with key Commonwealth and industry stakeholders, including the Smart Energy Council, the Clean Energy Council and the CHB Program's Industry Advisory Implementation Committee (IAIC). The department consulted the CER to ensure the proposed amendments deliver the policy objectives in practice and would not result in unintended impacts on the existing administration of the SRES. The department engaged the Department of the Prime Minister and Cabinet,

Department of Finance and the Treasury to ensure the changes to program settings balanced fiscal sustainability with the intended benefits of the CHB Program.

The revised policy settings were informed by industry feedback and insights from the IAIC, which was established by the Minister for Climate Change and Energy to monitor the CHB Program and provide feedback on early implementation and potential changes. The IAIC membership includes a broad suite of stakeholders that represent a range of industry interests. IAIC members, the Smart Energy Council and Clean Energy Council were also provided an exposure draft through targeted consultation. No drafting changes were needed as a result of that consultation.

The intended changes to STC entitlement were also published on the department's website to align with the Government's 13 December 2025 announcement. The announcement was welcomed publicly by a broad range of stakeholders and industry bodies.

The RPP and STP are calculated using standard formulas published by the CER, incorporating considerations prescribed in subsections 39(3) and 40A(3) of the REE Act. As the amendments are routine, market-sensitive and machinery in nature, no public or industry consultation was undertaken in respect of the amendments.

Exemption from Sunsetting

The REE Regulations are exempt from sunsetting under table item 56A of section 12 of the *Legislation (Exemptions and Other Matters) Regulation 2015*, and by extension, the Amendment Regulations as they relate to the REE Regulations, are also exempt from sunsetting.

Regulations made under the REE Act are exempt from sunsetting because they are essential for the continued operation of the RET Scheme, as they provide a national framework for the creation of renewable energy certificates to reduce greenhouse gas emissions in the electricity sector.

The continued existence of regulations made under the REE Act is crucial for the consistent operation of the certification framework and national renewable electricity investment and provides regulatory consistency for electricity retailers and renewable energy providers. The REE Act and its regulations are also an important part of implementing Australia's international obligations under the Paris Agreement and United Nations Framework Convention on Climate Change.

The amendments to the CER Regulations are not exempt from sunsetting.

Other

Details of the Amendment Regulations are set out in [Attachment A](#).

The Amendment Regulations are compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A full statement of compatibility is set out in [Attachment B](#).

The Amendment Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*.

Details of the Renewable Energy Legislation (2026 Measures No. 1) Amendment Regulations

Section 1 – Name

This section provides that the name of the instrument is the *Renewable Energy Legislation (2026 Measures No. 1) Amendment Regulations 2026* (**Amendment Regulations**).

Section 2 – Commencement

This section provides for when the amendments made by the Amendment Regulations commence.

Schedule 1 of the Regulations will commence on 1 May 2026. These amendments concern the changes to the administration of the Cheaper Home Batteries Program (**CHB Program**).

The balance of the instrument, including Schedules 2 and 3, commence on the day after the Amendment Regulations are registered.

Section 3 – Authority

This section provides that the Amendment Regulations are made under the *Clean Energy Regulator Act 2011* (**CER Act**) and the *Renewable Energy (Electricity) Act 2000* (**REE Act**).

Section 4 – Schedules

This section provides that each instrument that is specified in a Schedule to the Amendment Regulations is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule has effect according to its terms.

Schedule 1—Amendments to the *Renewable Energy (Electricity) Regulations 2001* [relating to the creation of certificates for battery connected (solar PV) small generation units]

Item 1 - At the end of subsection 20(6)

1. This item adds a note at the bottom of the subsection to clarify that the term ‘useable capacity’ is defined in subsection 3(1) of the *Renewable Energy (Electricity) Regulations 2001 (REE Regulations)*. This is notable because useable capacity of a battery is distinct from nominal capacity.

Item 2 - Subsection 20(7)

2. This item repeals and replaces subsection 20(7) of the REE Regulations, which provides for calculating the Small-scale Technology Certificate (STC) entitlement for a battery connected (solar PV) small generation unit.
3. The new calculation still requires the entitlement to STCs to be worked out by multiplying the useable capacity of a unit, in kilowatt hours (kWh) by an STC factor which is set out in subsection 20(8) of the REE Regulations. However, the new provision introduces a tapering calculation based on the capacity of the battery.
4. The tapering calculation provides for three tiers of batteries:
 - a. Tier 1 – with a useable capacity of zero up to and including 14 kWh. No tapering reduction applies to Tier 1.
 - b. Tier 2 – with a useable capacity up to and including 28 kWh. For the capacity greater than 14 kWh and less than 28 kWh, a tapering reduction of 40% applies.
 - c. Tier 3 – with a useable capacity up to and including 50 kWh. For the capacity greater than 28 kWh and less than 50 kWh, a tapering reduction of 85% applies.
5. The tapering reductions apply progressively.
 - a. Example 1: a 25 kWh battery certified in May 2026 would receive 140 STCs in total, on the following basis:
 $(14 \text{ kWh} \times 6.8 \text{ STCs per kWh}) + (11 \text{ kWh} \times 6.8 \text{ STCs per kWh} \times 0.6) = 140.08$
rounded down to 140 STCs.
 - b. Example 2: a 36.5 kWh battery certified in June 2028 would receive 108 STCs in total, on the following basis:
 $(14 \text{ kWh} \times 4.6 \text{ STCs per kWh}) + (14 \text{ kWh} \times 4.6 \text{ STCs per kWh} \times 0.6) + (8.5 \text{ kWh} \times 4.6 \text{ STCs per kWh} \times 0.15) = 108.9$
rounded down to 108 STCs.
 - c. Example 3: a 55.5 kWh battery certified in January 2027 would receive 146 STCs in total, on the following basis:
 $(14 \text{ kWh} \times 5.7 \text{ STCs per kWh}) + (14 \text{ kWh} \times 5.7 \text{ STCs per kWh} \times 0.6) + (22 \text{ kWh} \times 5.7 \text{ STCs per kWh} \times 0.15) = 146.49$
rounded down to 146 STCs and capped at 50 kWh.

6. The purpose of the revised method under this item is to ensure that financial support is targeted to the appropriate battery size and demand.
7. The nominal capacity requirements under subsection 20ACA(3) of the REE Regulations remains unchanged. That is, the battery unit must have minimum nominal capacity of 5 kWh and a maximum nominal capacity of 100 kWh to be eligible for STCs.
8. This item also inserts new subsection 20(8), which provides for the STC factors used in the calculation under subsection 20(7). These STC factors have been updated from the original STC factors to reflect the expected continued decline in battery costs and ensure the ongoing sustainability of the CHB Program.
9. As these amendments commence from 1 May 2026, the existing STC factor of 8.4 continues to apply up to 30 April 2026.

Item 3 - After section 58

10. This item inserts a new application provision concerning the amendments made in this Schedule. It clarifies that the amendments are intended only to apply to battery connected (solar PV) small generation units that are certified on or after 1 May 2026.
11. The term ‘certify’ is linked to existing paragraph 19D(4)(b), which requires the safe and lawful installation of the battery. This usually means the issuance of a certificate of electrical safety or equivalent in the state or territory of installation.
12. The amendments in this Schedule are not intended to have any retrospective effect.

Schedule 2—Amendments to the *Clean Energy Regulator Regulations 2011* [relating to the Cheaper Home Batteries program]

Item 1 – Section 4

13. This item inserts a new definition of ‘small-scale technology certificate’ into the definitions section. This term is given the same meaning as provided for under section 5 of the REE Act, being a certificate which relates to the installation of solar water heaters and small generation units or which is otherwise created by the Clean Energy Regulator (**CER**) for purchase through the clearing house.

Item 2 – At the end of section 4

14. This item inserts a new section to confer on the CER the function of supporting administration of the CHB Program. This section enables the CER to purchase and surrender, or to support the department with portfolio responsibility for administering the CHB Program (currently the Department of Climate Change, Energy, the Environment and Water (**the department**)) to purchase and surrender STCs created under the CHB Program.
15. This function is a prescribed function under subsection 12(ba) of the CER Act, providing the CER with an additional function to the existing functions conferred on it under subsections 12(a) and (b) of the CER Act.

16. The new function of supporting the department to purchase and surrender certificates could include the CER making notional payments to the department to fund its purchase of STCs for the CHB program.

Schedule 3—Amendments to the *Renewable Energy (Electricity) Regulations 2001* [relating to the renewable power percentage and small-scale technology percentage]

Item 1 – At the end of section 23

17. This item specifies that the renewable power percentage (RPP) for 2026 is 16.67 per cent, decreasing from 17.91 per cent in 2025.
18. The RPP is calculated from the large-scale renewable energy target (LRET) data held by the CER using a standard formula that accounts for the Minister’s considerations set out in subsection 39(3) of the REE Act. It is calculated to create large-scale generation certificates demand equal to the required amount of renewable source electricity (as set by section 40 of the REE Act) for the given year, with consideration given to overperformance or underperformance relative to the LRET targets in previous years.
19. The slight variation between the 2025 and 2026 RPPs reflects consistent LRET targets of 33,000 gigawatt hour from 2021 to 2030, with minor year-to-year changes in other inputs such as total electricity acquired by liable entities and exemptions for emissions-intensive trade-exposed activities.

Item 2 – At the end of section 23A

20. This item specifies that the small-scale renewable technology percentage (STP) for 2026 is 11.67 per cent, decreasing from 13.89 per cent in 2025.
21. The STP is calculated from small-scale renewable energy scheme data held by the CER and from consultants’ projections, using a standard formula that accounts for the Minister’s considerations set out in subsection 40A(3) of the REE Act. The intention of the REE Act is for the STP to be calculated to ensure that over time all STCs will be required to be surrendered.
22. The decrease in the STP from 2025 to 2026 reflects lower estimated STC creations in 2026, driven by the declining deeming period for solar PV and solar water heater installations. Installed solar capacity is expected to rise in 2026 relative to 2025 due to increased household demand for new and upgraded solar PV systems expected to arise from the CHB Program.

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Renewable Energy Legislation (2026 Measures No. 1) Amendment Regulations 2026

This Disallowable Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The *Renewable Energy (Electricity) Act 2000* (**REE Act**) provides the framework for the Large-scale Renewable Energy Target (**LRET**) and Small-scale Renewable Energy Scheme (**SRES**). An object of the REE Act is to encourage the additional generation of electricity from renewable sources.

The *Renewable Energy (Electricity) Regulations 2001* (**REE Regulations**) are made under section 161 of the REE Act which provides that the Governor-General may make regulations prescribing all matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Clean Energy Regulator Act 2011* (**CER Act**) establishes the Clean Energy Regulator (**CER**) and its functions as those conferred to it under various other Acts or the *Clean Energy Regulator Regulations 2011* (**CER Regulations**). The CER has a role in accelerating carbon abatement for Australia, including through administering Australian Government schemes to measure, manage, reduce and offset carbon emissions in Australia. This includes the LRET and SRES programs.

The CER Regulations are made under section 57 of the CER Act, which provides that the Governor-General may make regulations prescribing all matters required or permitted by the CER Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the CER Act.

The *Renewable Energy Legislation (2026 Measures No. 1) Amendment Regulations 2026* (the **Amendment Regulations**) amends REE Regulations and CER Regulations to:

- 1) give effect to changes to the Cheaper Home Batteries Program (**CHB Program**) effective from 1 May 2026;
- 2) confer additional functions to the CER to enable it to undertake new activities that support the administration of the CHB Program; and
- 3) set the Renewable Power Percentage (**RPP**) and the Small-Scale Technology Percentage (**STP**) for 2026.

Amendments relating to the Cheaper Home Batteries Program

The Amendment Regulations prescribe a new function on the CER to enable it to undertake new activities that support administration of the CHB Program.

In addition, the method for calculating the STC entitlements for batteries (being a small generation unit that is a ‘battery connected (solar PV) small generation unit’, as defined under section 3C of the REE Regulations), is revised to:

- 1) provide for new STC Factors:
 - a. declining at a higher rate than the previous 10% annual decline, and
 - b. more frequently (twice a year instead of annually); and
- 2) apply a taper rate to STC entitlement based on battery capacity.

This amendment commences 1 May 2026.

The purpose of the changes to the STC Factor and STC entitlement ensure:

- the discount remains appropriate for a range of batteries across battery sizes the discount aligns with falling battery costs over time, and
- the government can continue to support battery installations over the life of the SRES.

Amendments relating to 2026 Renewable Power Percentage and the Small-Scale Technology Percentage

Subsections 39(1) and 40A(1) of the REE Act provide that regulations specifying the RPP and STP respectively, for a given year must, be made on or before 31 March in the year. In addition to, and separately from, the amendments relating to the CHB Program, the Amendment Regulations also prescribe the RPP and STP factors for 2026 in line with the requirements of sections 39 and 40A of the REE Act.

Under the REE Act, large-scale generation certificates (**LGCs**) and STCs may be created for energy generated or displaced by eligible renewable energy systems. The REE Act requires wholesale purchasers of electricity (liable entities who are typically electricity retailers) to surrender a set amount of LGCs and STCs to the CER each year. This surrender requirement creates demand for these certificates, enabling those who build and install eligible energy systems to trade certificates in an open market.

The share of the total cumulative liability for LGCs and STCs is determined by multiplying the RPP and the STP, respectively, by the amount of wholesale electricity a liable entity has purchased in that year. The percentages inserted by these Amendment Regulations are used by liable entities to calculate the amount of LGCs and STCs to be surrendered to the CER each year.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

The Hon Chris Bowen MP
Minister for Climate Change and Energy