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REVIEW OF THE RENEWABLE ENERGY TARGET

The Government is releasing the Terms of Reference for a review into the Renewable Energy Target (RET) scheme, Minister for Industry Ian Macfarlane and Minister for the Environment Greg Hunt announced today.

The review will be undertaken by an expert panel, headed by Mr Dick Warburton AO LVO and will include Mr Matthew Zema, Dr Brian Fisher AO PSM and Shirley In't Veld.

Under existing law a review is due in 2014.

“This upholds a clear commitment that the Coalition took to the election, to review the Renewable Energy Target to make sure it is working efficiently and effectively,” Minister for Industry Ian Macfarlane said.

“In particular, the review will consider the contribution of the RET in reducing emissions, its impact on electricity prices and energy markets, as well as its costs and benefits for the renewable energy sector, the manufacturing sector and Australian households.

“Australia’s diversity of energy sources is one of our greatest national strengths. Renewable energy has contributed to the energy mix, but we must ensure that the program is operating effectively.

“The review will be open and transparent, and will consult with a broad range of stakeholders.

“Unlike the pattern from the previous Government, the review will engage in real consultation, seeking submissions from the public and industry.”

Minister for the Environment Greg Hunt said “the review will advise the Government on the progress of the Renewable Energy Target, the importance of investment certainty and any measures which can help ease pressure on electricity prices.

“The independent and expert panel brings together extensive policy, business and energy sector expertise to complete this task.

“The Government is committed to easing the pressure of electricity prices for families and business. That’s why we’re getting rid of the carbon tax. The carbon tax drives up the price of electricity but has had no significant impact on emissions.”

The review will be supported by a Secretariat based in the Department of Prime Minister and Cabinet involving specialists from the Departments of Industry and Environment.

The review’s report will be provided to Government by the middle of the year, which will in turn be an important input into the Energy White Paper process.

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Renewable Energy Target Review

Terms of Reference

Background

The Renewable Energy Target (RET) scheme, comprised of the large-scale and small-scale schemes, is aimed at increasing renewable energy generation and reducing greenhouse gas emissions from the electricity sector. It is designed to deliver the equivalent of 20 per cent of Australia's electricity from renewable sources by 2020.

Scope of the review

The review is to examine the operation and costs and benefits of the *Renewable Energy (Electricity) Act 2000* ('the Act') and related legislation and regulations, and the RET scheme constituted by these instruments. This includes considering:

1. the economic, environmental and social impacts of the RET scheme, in particular the impacts on electricity prices, energy markets, the renewable energy sector, the manufacturing sector and Australian households;
2. the extent to which the formal objects of the Act are being met; and
3. the interaction of the RET scheme with other Commonwealth and State/Territory policies and regulations, including the Commonwealth Government's commitment to reduce business costs and cost of living pressures and cut red and green tape, and the Direct Action policies under development.

The review should provide advice on:

1. whether the objective of the RET scheme, to deliver 41,000 gigawatt hours (GWh) and small scale solar generation by 2020, is still appropriate;
2. the extent of the RET's impact on electricity prices, and the range of options available to reduce any impact while managing sovereign risk;
3. the operation of the small-scale and large-scale components of the RET and their interaction;
4. implications of projected electricity demand for the 41,000 (GWh) target; and
5. implementation arrangements for any proposed reforms to the RET, including how to manage transition issues, risks and any adjustment costs that may arise from policy changes to the RET.

The review is also to consider the Government's election commitment to reinstate native forest wood waste as an eligible renewable energy source.

Process

The review is to be led by a panel of experts appointed by the Ministers for Industry and the Environment, supported by a secretariat in the Department of the Prime Minister and Cabinet.

The panel is to undertake public consultations, seek submissions and provide a report to the Prime Minister, the Treasurer and the Ministers for Industry and the Environment by mid-2014.