

Welcome Agents and installers workshop August 2010



Australian Government
Office of the Renewable Energy Regulator

Welcome

- Aim – equip you with available information to assist you in preparation for LRET/SRES implementation 1 January 2011.
- Update and advice on administration and compliance under current Act/Regulations.
- Recent regulations that are in force as a result of the amendments



Overview of the amendments Implications for agents/installers

Andrew Livingston
Renewable Energy Regulator



Australian Government
Office of the Renewable Energy Regulator

Office of the Renewable Energy Regulator

- Statutory authority established to oversee the implementation of the Renewable Energy Target (RET).



Office of the Renewable Energy Regulator

Responsibilities of ORER:

- Accrediting renewable energy power stations under RET
- Registering registered persons and registered agents
- Overseeing creation, validation of RECs for eligible parties
- Assessing and auditing surrender of RECs by liable parties
- Manage and maintain the online REC Registry



Office of the Renewable Energy Regulator

Responsibilities of ORER:

- Managing compliance under the Act
- Communication of Act and Regulations
- Updating and maintaining the Register of solar water heaters
- Managing partial exemption process for emissions-intensive trade-exposed industries



Directing questions

- Department of Climate Change and Energy Efficiency responsible for policy – ret@climatechange.gov.au
- ORER responsible for administration and implementation.

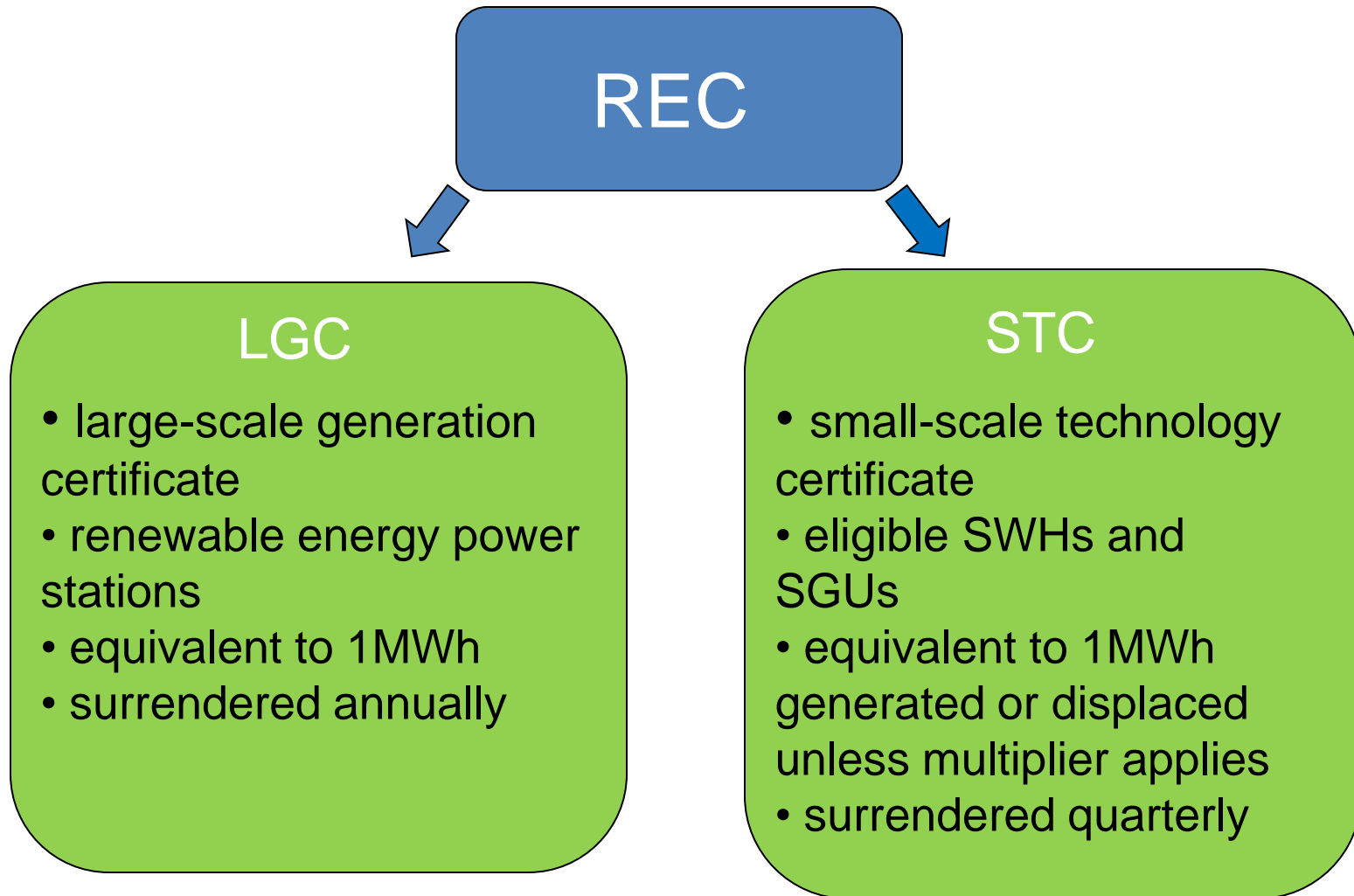


Splitting of the schemes

- Large-scale renewable energy target (LRET)
- Small-scale renewable energy scheme (SRES)



Classification of RECs



Transitionals for RECs

Power station RECs

Power station LGCs

SWH/SGUs installed

LGCs – creation within 12 months

SWH/SGUs installed - STCs

SWH/SGUs installed with
eligible contract on or before
25 February 2010 - LGCs

1 January 2011



Register split

Register of Renewable
Energy Certificates
(RECs)

Register of Large-scale
Generation Certificates
(LGCs)

- Including Register of RECs

Register of Small-scale
Technology Certificates
(STCs)

1 January 2011

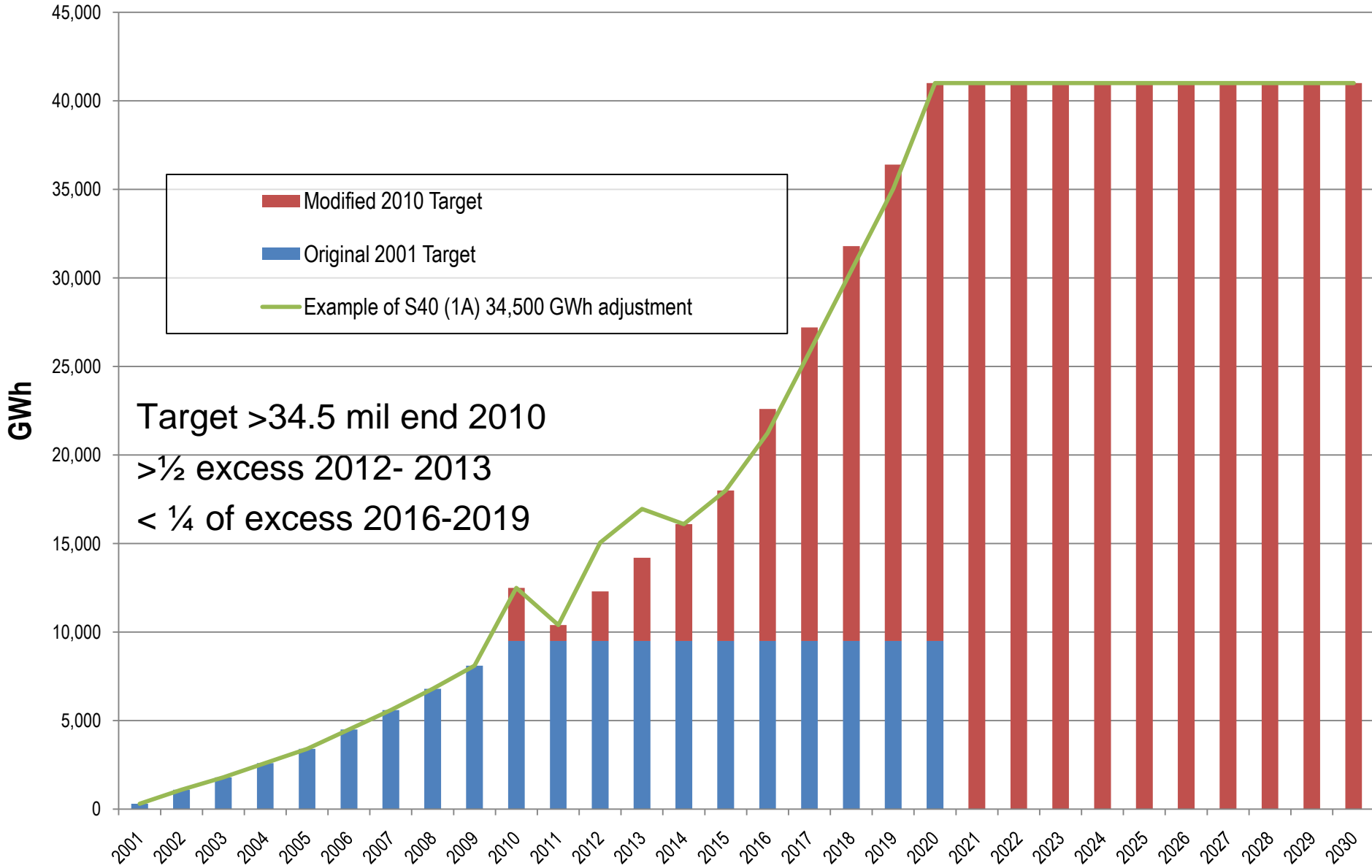


RET in two parts

Large-scale generation certificate (LGC) Market



Legislated Annual Renewable Energy Targets



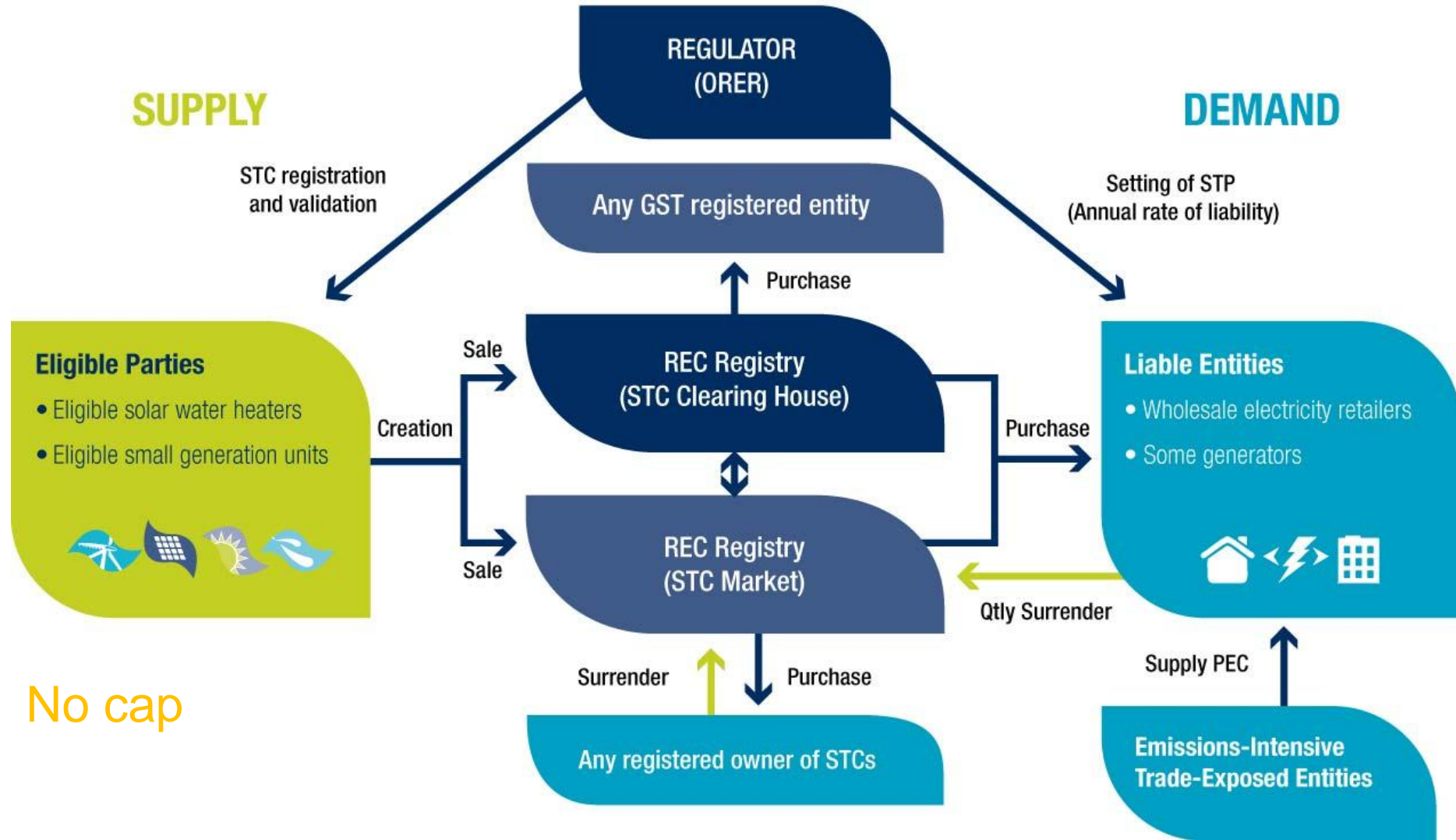
Target >34.5 mil end 2010
> 1/2 excess 2012- 2013
< 1/4 of excess 2016-2019

Large-scale 41,000 GWh + small-scale 4,000 GWh

Small-scale technology certificate (STC) Market

SUPPLY

DEMAND



No cap

Scheme - 1 January 2011

Clearing House – 4 January 2011

Options for gaining financial benefits from STCs for agents

Initially, similar process



Options for gaining financial benefits from STCs

STC
assignment

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graph TD; A[STC assignment] --> B[Agent Trading]; A --> C[Sale through STC Clearing House];
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Agent Trading

- Create STCs in REC Registry
- Validated RECs sell directly to a buyer.
- Same as current process

Sale through STC Clearing House

- \$40 (plus GST)
– unless not registered for GST



Steps to STC Clearing House

Owner

Owner of eligible small-scale system determines eligibility



System installed



Complete paperwork



Assign STCs

Agent

Agents determine eligibility



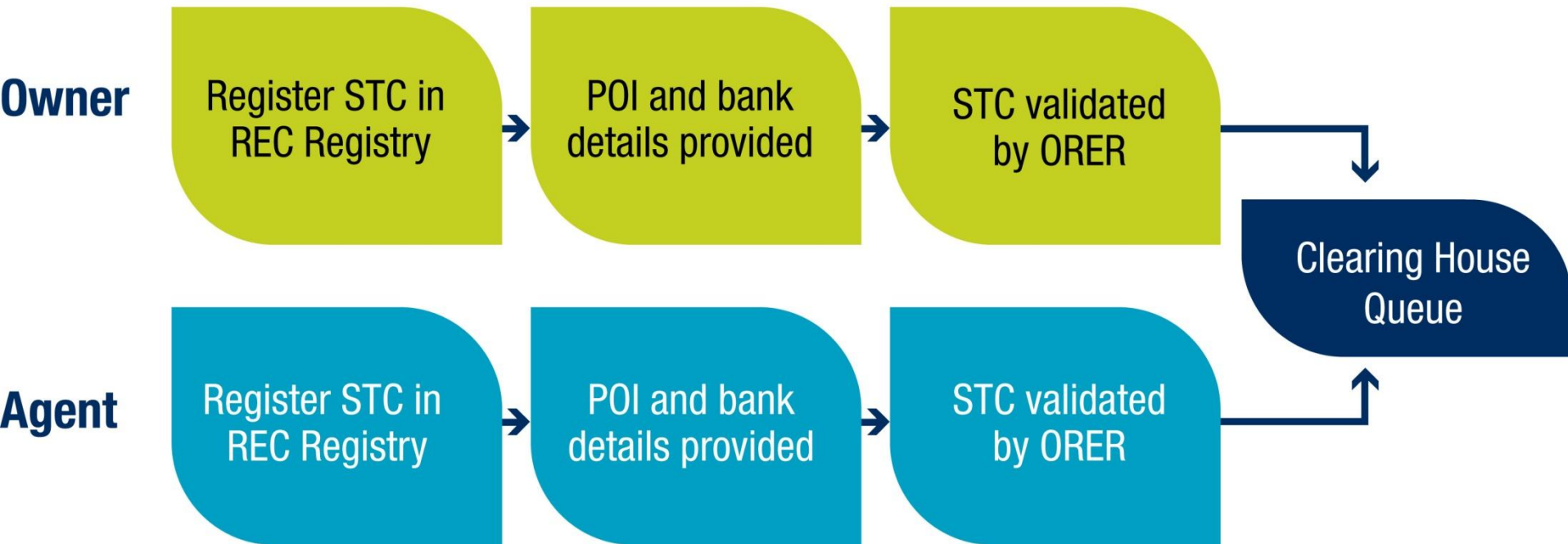
System installed



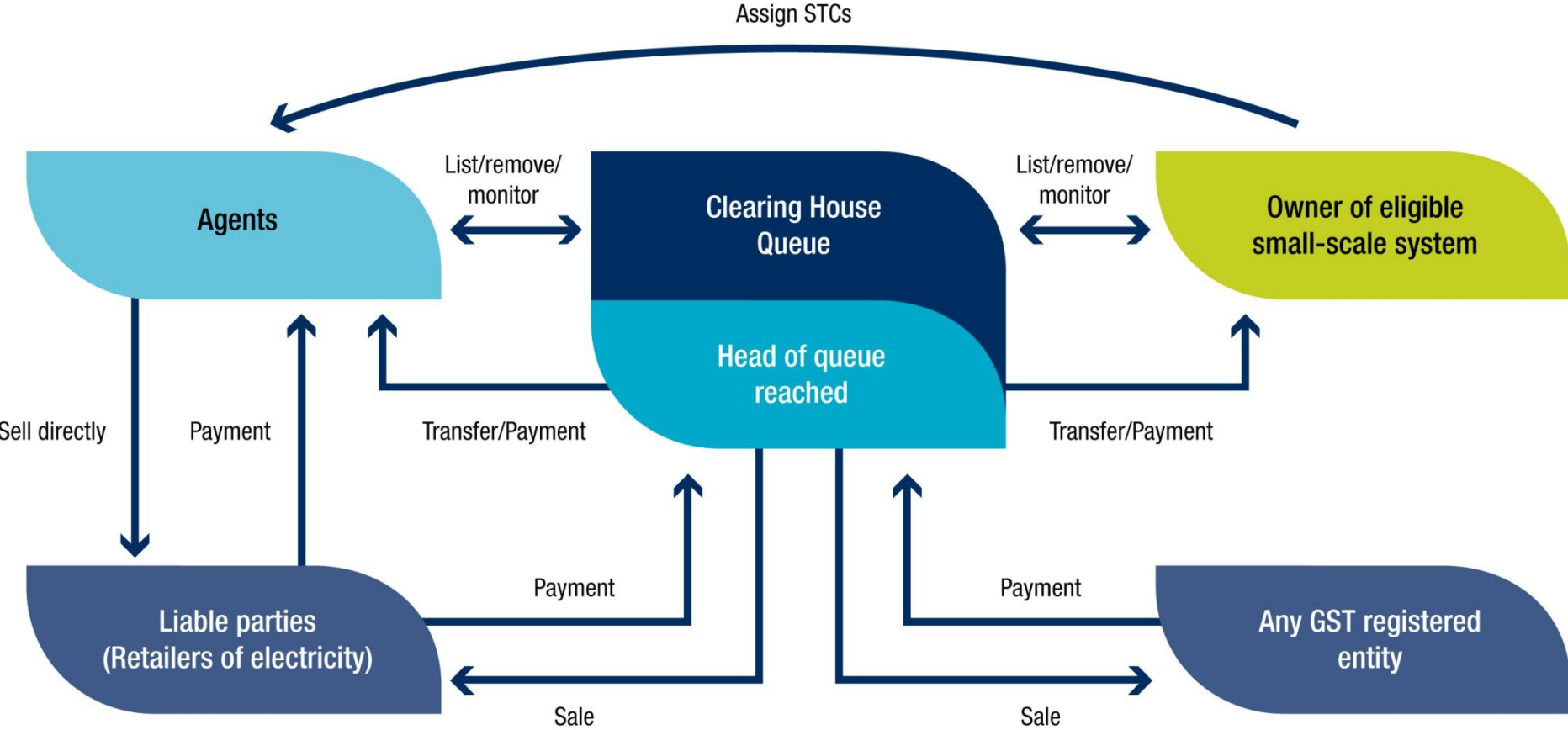
Complete paperwork



Steps to STC Clearing House cont...



STC Clearing House process



How Regulator created STCs are created

1. Liable party wants to buy STCs
2. No STCs to buy from the Clearing House
3. Regulator creates STCs for liable parties
4. Any STCs created by registered persons will automatically be sold until all Regulator created RECs are removed from the Clearing House.



STC Clearing House – liable parties

Liable Parties

- Are required to meet their STC liability under the RET in April, July, October and February but may purchase STCs at any time. Demand is created through quarterly surrenders.
- Small-scale Technology Percentage (STP) - SRES liability is calculated annually – surrendered quarterly.
- STP is set for a year by 31 March of that year.
- Once set the STP cannot be changed.



STC Clearing House – liable parties

Liable Parties

- Quarterly STC surrender liability percentages are defined in the Act.
- For example for
 - quarter 1 – 35% of annual liability
 - quarter 2 & 3 – 25% of annual liability
 - quarter 4 - re-estimation of annual liability
- STP for quarter 1, 2, and 3 totals 85% of the estimated year liability
- 4th quarter will be percentage based on the actual data from the year to ensure the correct amount of STCs are being surrendered
- For example: if a retailer is selling more electricity as compared to the previous year the 4th quarter remaining liability is likely to be a higher percentage than 15%



STC Clearing House – liable parties

Liable Parties

- Can choose to go through the Clearing House or purchase directly from an agent.
- Also need to meet their liability for the LRET.
- Renewable Power Percentage (RPP) - LRET liability calculated annually – surrendered annually.



STC Clearing House – owners

Owners

- Will be informed by ORER and other Government websites they have the choice of going through an agent or creating the STCs themselves and selling through the Clearing House.
- The agent can choose to be competitive in terms of timing and cost.



STC Clearing House – agents

Agents

- Begin dialogue as to the agreed approach
- Discuss with your buyers
- Consider that the value of STC through Clearing House will be \$40 in your business planning.
- Can view place in Clearing House queue and remove at any time



STC Clearing House – agents

Agents

- Once payment is made for STC in Clearing House this transaction cannot be reversed.
- Agents should not list STCs in the Clearing House that are required to meet a contract. The sale may be instantaneous and cannot be reversed.



STC Clearing House price review

- Minister able to seek independent advice on matters relating to STCs under the SRES including whether a \$40 STC Clearing House price remains appropriate over time.
- May reduce the \$40 price by legislated instrument.
- Section 30 LA of the Act.



Questions



Australian Government
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Biennial review

- Operation of RET reviewed every 2 years from 30 June 2012.
- Section 162 of the Act.

Emerging technologies

- Minister may prescribe by legislative instrument that an emerging renewable energy technology is to be included in the RET scheme.



Solar Credits

- Regulations can give the Renewable Energy Regulator the power to adjust the Solar Credits multiplier.
- Government consult on draft regulations to implement this arrangement later in 2010.
- Intention Solar Credits for SGUs could be reduced if the Regulator determines there is systematic evidence of relatively small or no out-of-pocket expense to owners of SGUs.
- Act gives power for regulations to increase the kW capacity limit to up to 3 kW.
- Currently still up to 1.5 kW + 5 x RECs



Inspections of SGUs

- Regulations made to establish a program to inspect a statistically significant sample of SGUs for compliance Australian standards and requirements relevant to the creation of certificates.
- Information regarding a system's failure to comply will be transferred to State, Territory or Commonwealth bodies with responsibility for the enforcement and administration of those standards or requirements when necessary.
- DCCEE will be consulting with industry.



Implementation

- ORER website will contain further updates.
- LRET/SRES updates page. Will be updated with regulatory changes.
- REC Registry users will be notified via their REC Registry email. Make sure all details are up-to-date.
- Will provide notice of regulations when available.
- Start your business planning.

Thank you and questions



Advice and regulation updates

Matthew Power/Julian Mateer
Small Renewables Team Managers



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Administration issues

Why focus on administration?

- Streamline processes
- Faster REC validation
- Stronger compliance
- Less customer confusion
- Better business



Administration issues

- Explain REC assignment to owners
 - Not a rebate
 - How the benefit will be applied
- Cannot claim RECs until the system is operational
 - Non-compliance could result in penalties and prosecution.
 - Civil penalties



Administration issues

- Review processes and procedures
 - Consider compliance. Take photograph system/serial numbers. Complete paperwork.
 - Collate all information required. Consult ORER website, Act and Regs.
 - Reply to ORER's requests for information promptly. Failure to do so is an offence against the Act.
 - New amendments could slow down REC validation.



Common reasons for REC Failures

- Duplicate Address - more than one system at an address.
- Insufficient installation address.
- Duplicate Serial numbers.
- Failed at the request of Agent.



REC validation – ORER

- **REC Validation:** ORER endeavours to validate RECs within 4 weeks of receiving all related documentation. It is the agent's responsibility to ensure that the related documentation is provided in a timely manner. Please allow sufficient time for ORER to validate RECs before negotiating contractual deadlines to transfer/sell the RECs to another party.



Improper Creation of RECs

- As an Agent it is your responsibility to inform ORER if you have improperly created RECs.
- Please ensure you contact ORER as soon as you are aware of any cases of improper creation of RECs.
- Provide details of accreditation code, amount of RECs and reason for improper creation of RECs.



Change in product list – Register of SWHs

The ORER is planning to update its REC methodology in 2011 which means that manufacturers will need to recalculate their REC values for all their products that receive RECs, and reapply to the ORER.

- It is important that agents ensure that they check that any SWHs that they are creating RECs for are listed on the Register of solar water heaters, as products may:
 - Have different REC values; or
 - No longer be listed on the Register



Amended regulations

- Number of amendments
- Available on the ComLaw website and ORER website



Amended regulations – meeting compliance and Standards for SGUs

Applies to:

- PV solar installations on or after 20 August 2010
- Hydro and wind installations on or after 20 December 2010
- Must be a CEC accredited installer from these dates for all deeming periods



Additional compliance documentation

- A written statement signed by the owner or installer that all required local and state/territory approvals have been met for:
 - (a) The siting of the unit; and
 - (b) If the unit is attached to a building or structure including the attachment of the unit to the building or structure; and
 - (c) If the unit is grid connected including the grid connection of the unit.



Additional compliance documentation

- A signed written statement that includes the name of the designer and the installer of the unit, and their CEC classification and accreditation number.

CEC accreditation categories

Design and install - CEC installer who is also a licensed electrician

Install (supervised install) – CEC installer who requires all LV work to be completed by a licensed electrician.

Design – applicant accredited for the design of a system

Additional compliance documentation

- Any documentation required, by the laws of the jurisdiction in which the unit was installed, certifying that the electrical installation of the unit complies with laws relating to safety and technical standards. This could be in the form of a Certificate of Compliance or Installation Report.



Additional compliance documentation

- The electrician's licence. The regulations require that the electrical wiring associated with the installation of the unit was undertaken by an electrical worker holding an unrestricted licence for electrical work issued by the State or Territory authority for the place where the unit was installed.



Additional compliance documentation

- Off grid installation statement - A written statement is required from the installer of an off grid installation. The statement must confirm:
 - a) The unit is off grid; and
 - b) An electrical worker holding an unrestricted licence for electrical work issued by the State or Territory Authority for the place where the unit was installed undertook all wiring of the unit that involves:
 - alternating current of 50 or more volts; or
 - direct current of 120 or more volts.



Additional compliance documentation

- Written statements required. Examples on ORER website.
- REC Registry contains additional questions
- Keep documents on file
- REC Assignment Forms must be updated
- Auditing and compliance activities
- Inspections



Questions



Regulations – off-grid multiplier

- Amendments to the Act allow for an off-grid multiplier
- Increase in kW capacity limit for Solar Credits multiplier for eligible off-grid installations
- Subject to an annual cap

Period of small generation unit installation	Number
1 July 2010 to 30 June 2011	250 000
1 July 2011 to 30 June 2012	250 000
1 July 2012 to 30 June 2013	250 000
1 July 2013 to 30 June 2014	150 000
1 July 2014 to 30 June 2015	100 000

Off-grid – eligibility criteria

- The system is an off-grid small generation unit
- Installed after 28 June 2010 and before 1 July 2015
- Must be eligible for solar credits. To determine eligibility see the [SGU Owners Guide](#)
- System is installed and RECs are created before the financial year off-grid cap is met

Off-grid - definition

- Off-grid SGUs are defined by subsection 23B(3B) of the Act as an SGU installed at least 1 kilometre from the nearest main-grid line; or
- an SGU less than 1 kilometre from a main-grid line where the owner has provided written evidence from the local network service provider that the total cost of connecting the SGU to the main-grid is more than \$30,000.
- List of main-grids on ORER website under Current Agents Guide



Main-grids

- National Electricity Market (NEM) grid (Eastern states)
- the Mt Isa grid (Queensland)
- the Alice Springs grid (Northern Territory)
- the Darwin-Katherine grid (Northern Territory)
- the South Western Interconnected System (Perth, Western Australia)
- the North Western Interconnected System (Pilbara, Western Australia)
- the Mount Keith Leinster grid (Western Australia)
- the Gove grid (Northern Territory)
- the Telfer grid (Western Australia)



Off-grid – evidence required

Evidence must include one of the following:

- A statutory declaration from the owner that the system is more than 1km from the main-grid and the method of determining the distance from the grid. Examples might be satellite images, aerial photographs or a map.
- A letter from the network provider that the system is more than 1km from the main-grid.
- A letter from the network provider that the total cost of connecting the SGU to the main-grid is more than \$30,000.



Off-grid – REC creation and annual caps

- System must be installed prior to creation of RECs.
- Multiplied RECs counted towards the cap >1.5 kW and < 20 kW.
- RECs must be created and validated to count towards tally. Validation can take up to 4 weeks.
- ORER queues applications based on creation date
- Tally available on the ORER website
- Once tally is equalled or exceeded 1.5 kW applies



Off-grid – REC creation process

- Once RECs created email ORER at orer@orer.gov.au
 - stating the system is off-grid in the subject line
 - associated accreditation code
 - evidence that system conforms to the eligibility requirements
- Refer to the legislation
- More detail in regulations and ORER website



Regulations – air source heat pumps

- Air source heat pumps with volumetric capacity over 425 litres are excluded from creating RECs if installed on or after 29 June 2010.



Air source heat pumps - transition

This does not apply if the system:

- Is installed before 29 June 2010 or;
- Is installed before 1 January 2011 and:
 - before 24 June 2010, the acquirer of the air source heat pump entered into a contract for the acquisition or installation of the air source heat pump



Air source heat pumps – contract

- Written evidence of the contract must be given to the Regulator, and either
 - A document is given to Regulator showing that before 24 June, the acquirer paid some or all of the amount payable under the contract; or
 - The acquirer and any other party in the contract verify, by statutory declaration, that the date of the contract was before 24 June 2010, and a copy of the declaration is given to the Regulator.



Air source heat pumps - details

- The 'acquirer' is defined in relation to the owner of the air source heat pump immediately after its installation or an agent of that person.
- Installations on or after 1 January 2011 are not eligible for RECs.
- ORER requires supporting documentation
- More detail in the Agents Guide.



Questions



Compliance update

Craig Kirby

ORER Compliance Manager



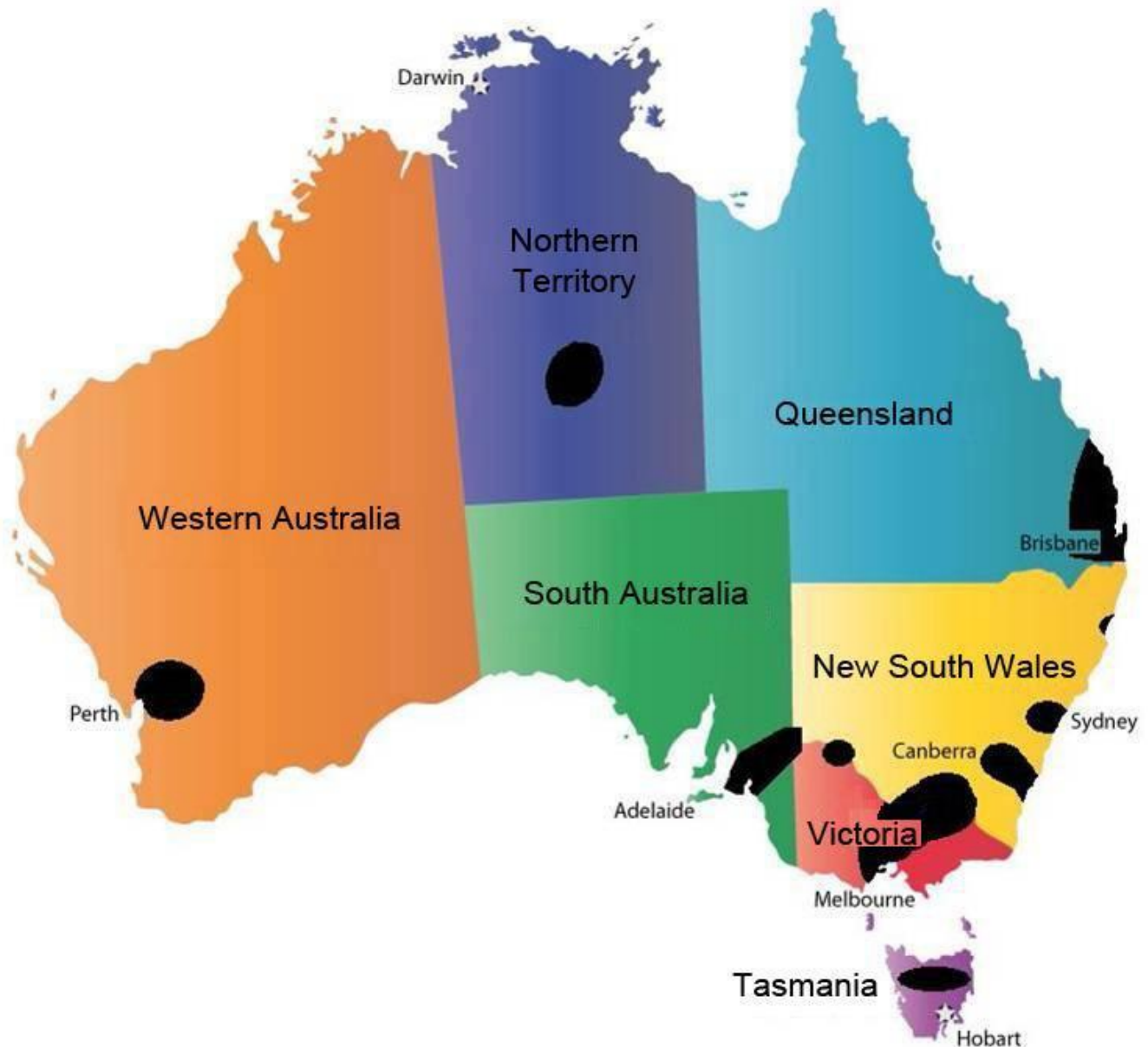
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Compliance Activities to date

ACTIVITY	2009/2010	2010/2011 YTD
Site visits	602	23
Outreach Visits	28	2
Warrants Executed	9	1
Compliance Visits	39	7
Agents Suspended	2	0



Anywhere - Anytime



Recent compliance issues

Cart before the Horse

False or inaccurate information

Ineligible installation due to non accredited installer

Non approved systems due to incorrect components



Civil Penalties

s24A – Improper Creation of RECs – Civil Penalty

Subsection 1 relates to the person who creates the certificate

Subsection 2 relates to any ancillary party to the offence

Civil onus of proof is “balance of probabilities”



Civil Penalties

24B False etc. information resulting in improper creation of certificates under Subdivision B or BA— civil penalty

Subsection 1 relates to a person who provides information to an agent
Subsection 2 relates to any ancillary party to the offence



Civil Penalty Provisions

154B Civil penalty orders

Under subsection 1 a Court may order a person to pay a pecuniary penalty

Individual -

not more than the greater of:

- (a) 1 penalty unit for each REC to which the contravention relates up to a maximum of 10,000 penalty units; and
- (b) 100 penalty units



Civil Penalty Provisions (Cont)

Body Corporate -

not more than the greater of:

- (a) 5 penalty units for each REC to which the contravention relates, up to a maximum of 50,000 penalty units; and
- (b) 500 penalty units



Liability of executive officers of bodies corporate

154N Civil penalties for executive officers of bodies corporate

154P Reasonable steps to prevent contravention

The penalty for the executive officer must not be more than if they committed the offence to which 154N relates.



Civil Penalties for other offences

Subsection 6 of s154B provides that the pecuniary penalty for a contravention by a person of a civil penalty provision, other than subsection 24A(1) or 154N(1), must not be more than:

- (a) if the person is an individual—100 penalty units; or
- (b) if the person is a body corporate—500 penalty units.



Other remedies

154Q Acceptance of undertakings

154R Enforcement of undertakings

154S Injunctions



Questions

