

Introduction to the RET

Andrew Livingston
Renewable Energy Regulator



Australian Government
Office of the Renewable Energy Regulator

Welcome

Aims

- help you to understand how Emissions-Intensive Trade-Exposed (EITE) activities relate to the Renewable Energy Target (RET) scheme
- define eligibility for a Partial Exemption Certificate (PEC) and clarify processes
- provide advice on completing the PEC application form
- define the role of liable parties regarding administration and reporting the PEC
- provide insight into the methodology for calculating partial exemption.



General advice

- This workshop provides general advice only
- ORER is currently establishing administrative processes - may not be able to answer all of your questions
- Please seek your own legal advice if necessary
- It is your responsibility to ensure compliance with the Act and Regulations in applying for partial exemption



Agenda

- Introduction to RET – Andrew Livingston
- PEC eligibility and processes – Amar Singh
- Applying for a PEC – Kim Collins



Key contacts

- Kim Collins – Manager, Partial Exemptions Team
- Fiona Keen – Assistant Manager, Partial Exemptions Team
- Andrew Livingston – Renewable Energy Regulator
- Amar Singh – Deputy Regulator, Market Operations
- Prue Brooks – Manager, Liability Assessment
- Julie Steele – Assistant Manager, Liability Assessment
- Kaylia Dunstan – Communications Manager



Office of the Renewable Energy Regulator

- The role of ORER is established by the:
 - *Renewable Energy (Electricity) Act 2000*
 - *Renewable Energy (Electricity) (Charge) Act 2000*
 - *Renewable Energy (Electricity) Regulations 2001*



Office of the Renewable Energy Regulator

- Main responsibilities of ORER:
 - Accrediting renewable energy power stations under RET
 - Overseeing creation, validation and surrender of RECs
 - Assessing Annual Energy Acquisitions Statements and Electricity Generation Returns
 - Assessing and issuing Partial Exemption Certificates
 - Managing compliance under the Act
 - Ensuring the integrity of the measure by undertaking audits



Roles

- ORER's role is to **administer** the RET
- The Department of Climate Change and Energy Efficiency (DCCEE) manages the **development of RET policy and legislative changes**
- ret@climatechange.gov.au



Reporting of emissions

- Department of Climate Change and Energy Efficiency manages reporting and dissemination of information about the greenhouse emissions, energy consumption and energy production of corporations
- 31 October reporting date
- 1800 018 831 or reporting@climatechange.gov.au



RET

- Important you understand the Renewable Energy Target (RET)
- Processes linked to each other
- Changes to other parts of the scheme may influence partial exemption
- Specific details provided by Amar and Kim



Objectives of the RET

- Encourage additional generation of electricity from renewable energy sources
- Ensure renewable energy sources are ecologically sustainable



RECs defined

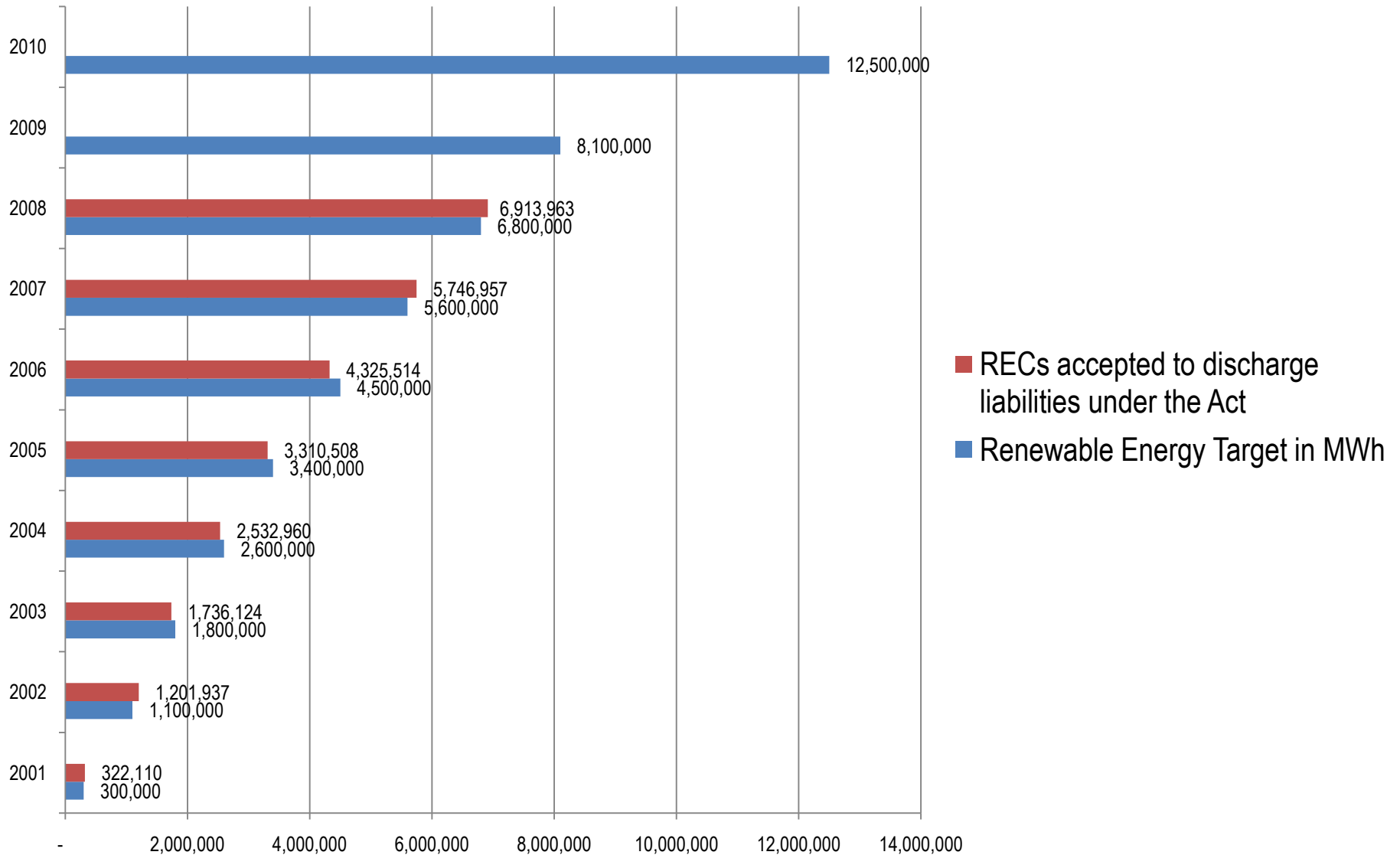


Renewable Energy Certificate (REC)

- A commodity in the REC Market
- Created by eligible parties and sold to liable parties via the REC Registry to meet their liability under the RET
- Exist in the REC Registry
- Based on 1 MWh of electricity



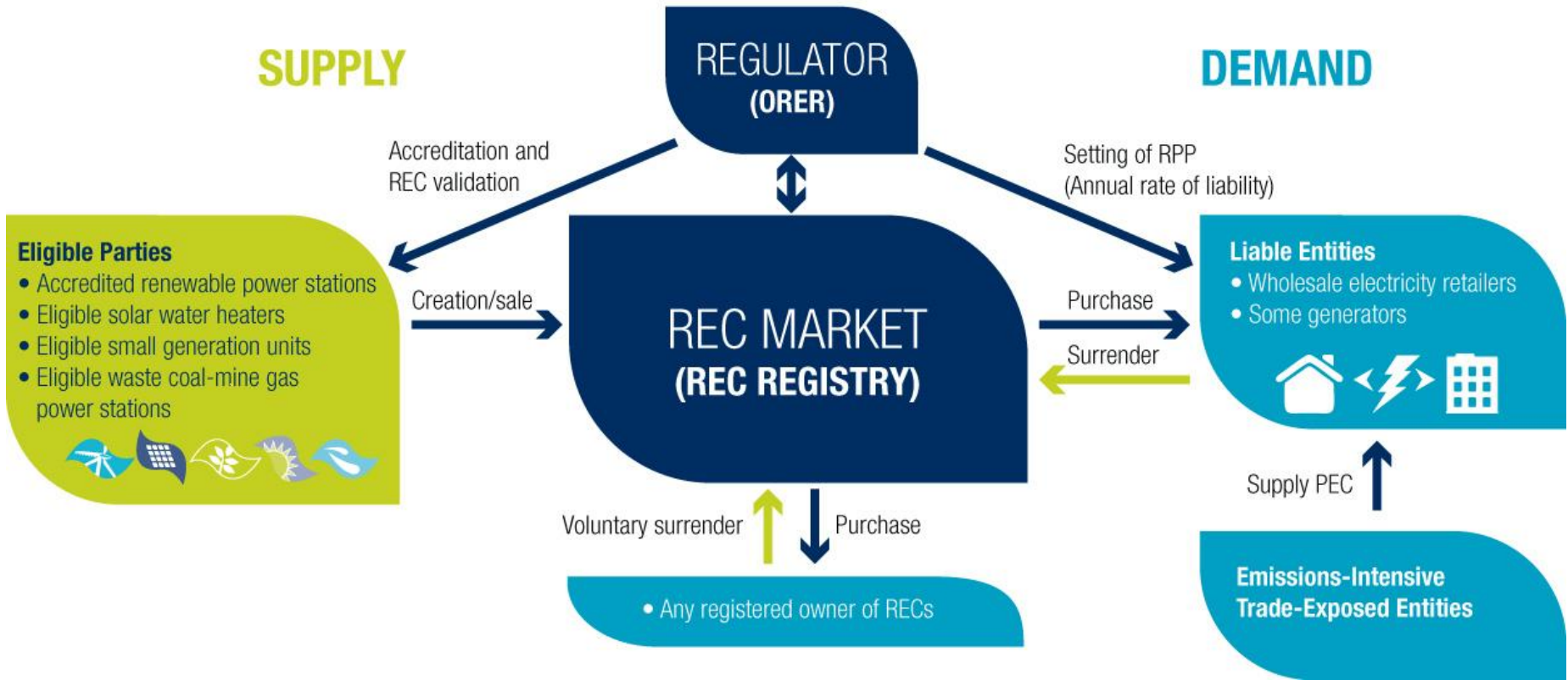
Number of RECs and Annual Targets



REC Market

SUPPLY

DEMAND



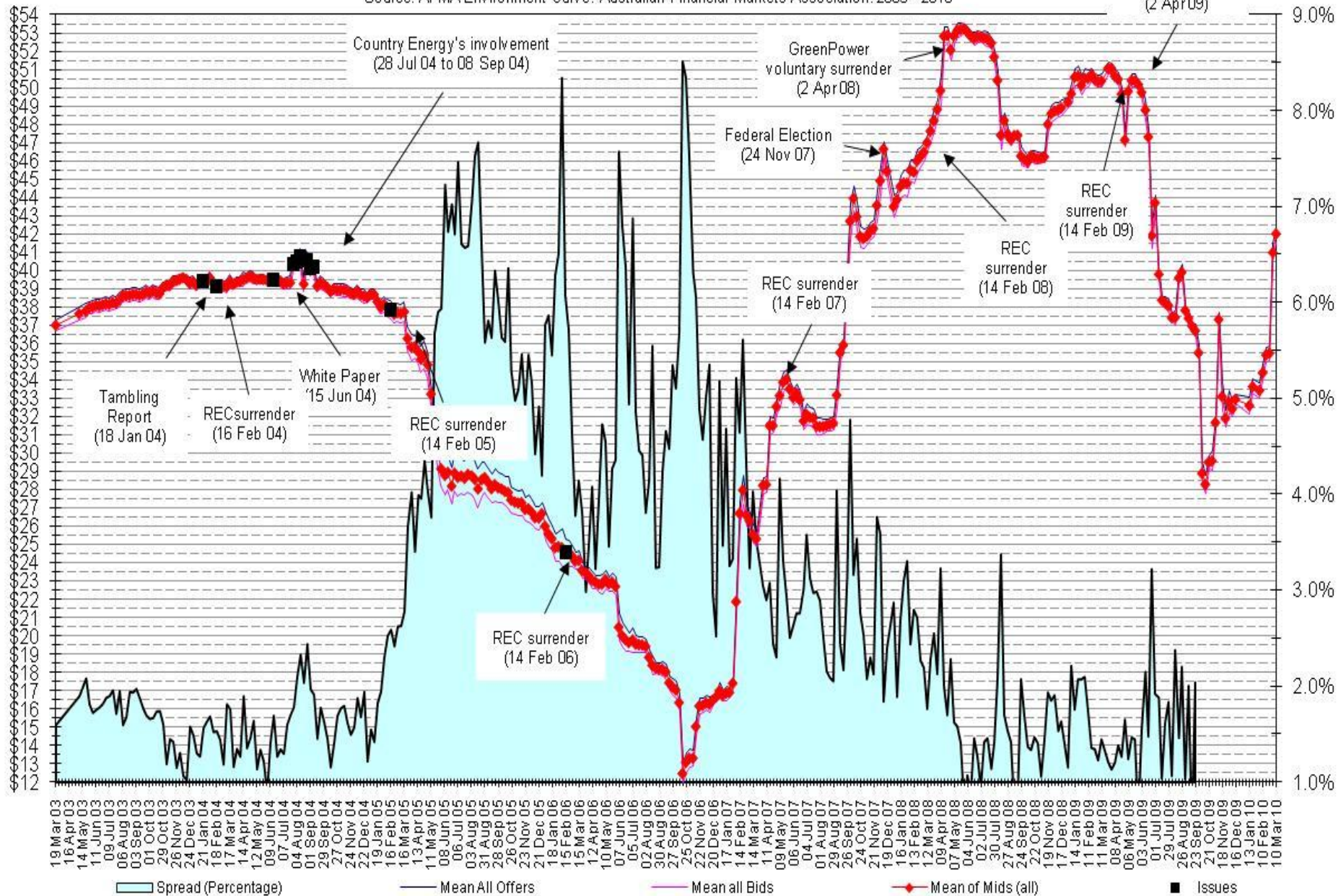
REC Prices

- REC prices influenced by supply and demand
- ORER does not set the price of RECs nor does it get involved in disputes between buyers and sellers. Payment for RECs or the rights to create RECs is contractual matter between the buyer and seller.
- Amar's presentation will cover how REC prices can influence the financial benefits for EITEs from the PEC



REC prices and bid-offer spread (spot rate)

Source: AFMA Environment Curve, Australian Financial Markets Association, 2003 - 2010



Outcomes of MRET/RET

- Since 2001
- Increased investment in renewables

As of January 2010:

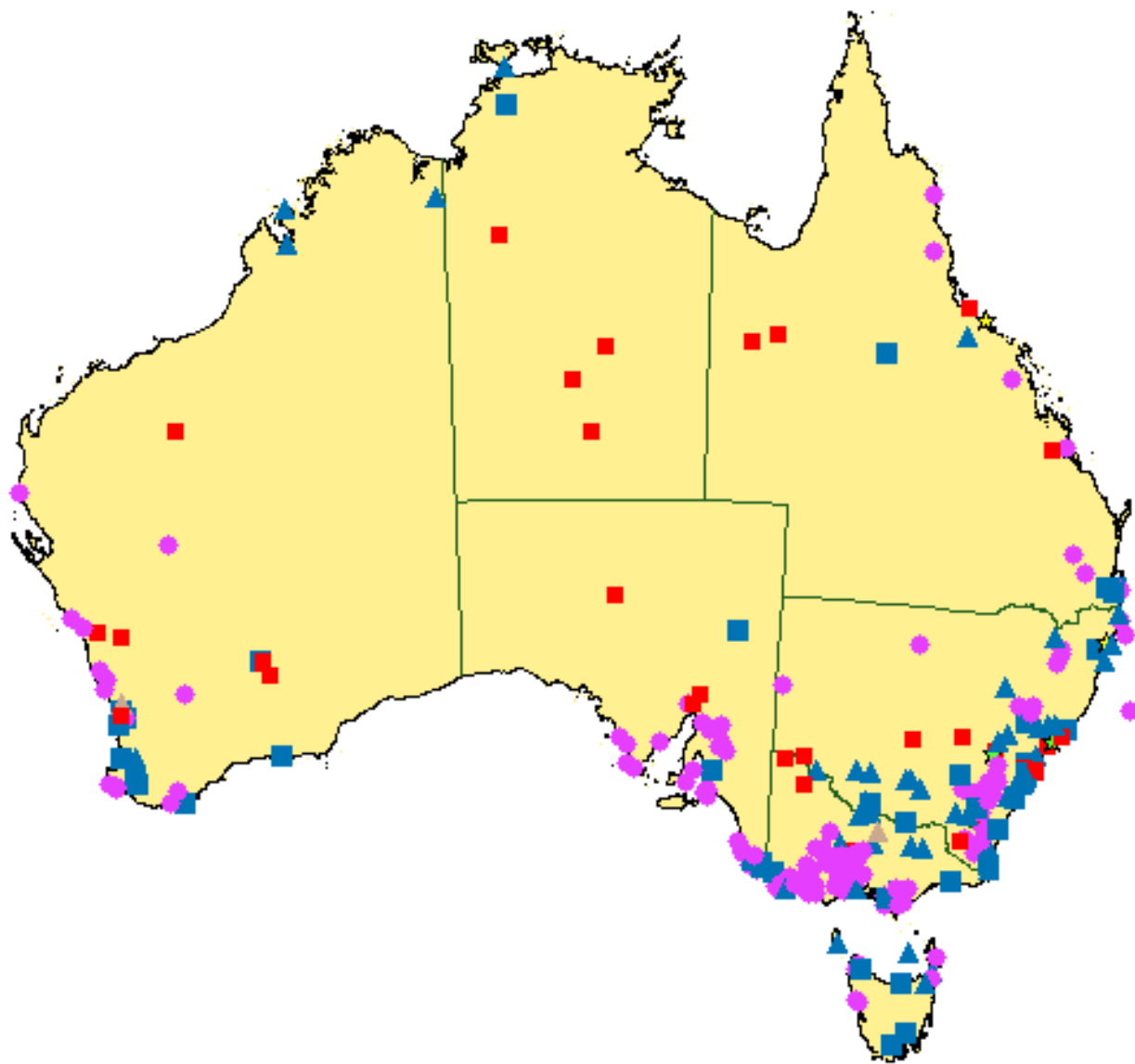
- Total investment approximately **\$8** billion
- Generating capability is over **11,000** gigawatt hours (GWh)
- This is equivalent of the residential electricity needs of over **1.7** million households



Outcomes of MRET/RET

- **304** power stations accredited and over **550,000** deemed small generation units since inception
- Voluntary surrender **> 2 mil** RECs in 2009
- Scheme participants **> 220,000** in 2009
- Number of RECs created in 2009 **7 mil >** than 2008
- Near to 100% compliance by liable parties





Legend:

- ☆ Bagasse
- ☆ Landfill Methane
- Solar
- ▲ Water
- Wind
- ▲ Sewage Methane
- Other
- ∕ State boundaries
- ∕ Highways

0 340 680 1020 1360 km
Approximate scale 1:23994000

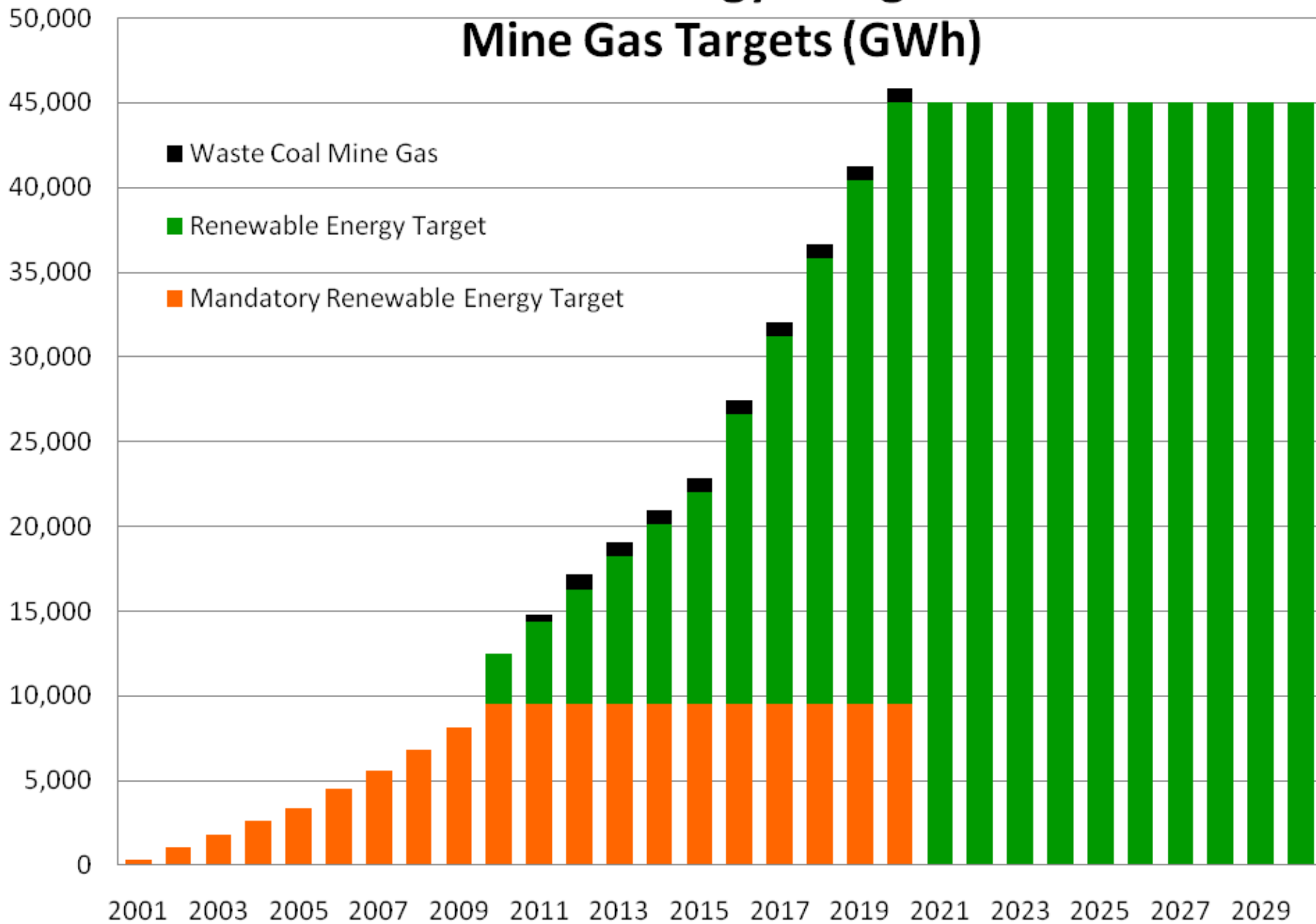
Renewable Energy Target

September 2009

- 20% of electricity from renewables
- Increased from 9,500 to 45,000 GWh by 2020
- Extended from 2020 to 2030
- Partial exemption for EITES
- Waste coal mine gas
- Transition of state schemes (VRET)
- Solar credits
- Statutory declarations - SWHs



Annual Renewable Energy & Eligible Waste Coal Mine Gas Targets (GWh)



Proposed enhancements to the RET

- Enhancements to the RET announced 26 February 2010.
- **1 Jan 2011 implementation:**
 - Small-scale Renewable Energy Scheme (SRES)
 - Solar water heaters and small generation units
 - Fixed price of \$40 per REC
 - Liability requirements to be finalised
 - LRET covers large scale projects



Proposed enhancements to the RET

- Large-scale Renewable Energy Target (LRET)
 - Renewable energy power stations
 - 41,000 GWh target for 2020
 - Provide market certainty for large scale projects
 - Existing banked RECs can be used by liable entities to meet obligations under the LRET



Office of the Renewable Energy Regulator (ORER) - Home Page - Windows Internet Explorer
http://www.orer.gov.au/index.html

Australian Government
Office of the Renewable Energy Regulator

Office of the Renewable Energy Regulator
Increasing Australia's renewable electricity generation

ORER home
Solar Water Heaters
Small Generation Units
Agents
Renewable Energy Power Stations
Wholesale Acquisitions of Electricity
Renewable Power Percentage
Renewable Energy Certificates (RECs)
REC Registry
Legislation
Compliance
Forms
Publications

About us
About RET
Contact us

You are here: [Home](#)

Office of the Renewable Energy Regulator

The Office of the Renewable Energy Regulator is a statutory authority established to oversee the implementation of the Australian Government's mandatory renewable energy target.

Latest news

- **Administration arrangements – Solar Credits and Solar Water Heaters**
The new Regulations to implement Solar Credits and requiring statutory declarations for large Solar Water Heaters are now in force.
To obtain an updated copy of the Act and Regulations visit the [ComLaw](#) website
[Media release – 10 September 2009](#)
The following pages contain new administrative processes resulting from the updated Act and Regulations:
 - [SGU Owners Guide - containing Solar Credits eligibility and REC Calculations](#)
 - [RET - The Basics](#)
 - [Current Agents Guide](#)
 - [SWH Owners Guide - containing statutory declarations process](#)
- **Creating RECs under Solar Credits (REC Multiplier)**
Registered persons are able to create additional RECs as of **10 September 2009** under the Solar Credits mechanism for eligible installations of Small Generation Units.
The Small Generation Units guide on the ORER website contains the following updated information:
 - Eligibility for Solar Credits for Small Generation Units (small-scale solar PV, wind and hydro electricity systems) installed on or after 9 June 2009
 - REC calculation for Solar Credits including REC calculation examples
 - Definition of an eligible premises in terms of Solar Credits.A majority of owners of small generation units choose to assign their RECs to a registered agent.
Visit - [List of Agents](#)
- **SGU REC Creation (solar credits) - two updated fields**
The REC Registry will be ready to accept Solar Credit RECs as of **10 September 2009**. Two updated compulsory questions in the REC Registry must be completed when creating RECs for SGU installations.
The sample questions:
 - Are featured in the manual and bulk upload functions for SGU REC creation.
 - Occur between "Disconnection date" and "Grid connected".

Finding information

- [REC Registry](#)
- [About RET](#)
- [Annual reports](#)
- [Employment](#)
- [Forms](#)
- [Publications](#)
- [Site index](#)
- [What's new](#)

Information contained in the REC Registry

Welcome to the REC Registry - Office of the Renewable Energy Regulator - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites

Address Go Links

Australian Government
Office of the Renewable Energy Regulator

rec-registry.gov.au

Home About the REC Registry Public Registers FAQs

Welcome to the REC Registry

Welcome to the public registry of information relating to the operation of the Australian Government's Mandatory Renewable Energy Target scheme (MRET). MRET and the public registry are administered by the Office of the Renewable Energy Regulator.

This site allows you to search for individual Renewable Energy Certificates (RECs), accredited power stations, power station accreditation applications and persons registered under the scheme using the four public registers presented below.

A registry account must be created before you can create, view or transfer your own certificates. You may apply for an account or log into an existing account using the login panel on the right of this page.

The Register of Renewable Energy Certificates

69,000,000

This register allows you to search for any of the Renewable Energy Certificates that exist within the Central Registry System and view details of certificates.

The Register of Accredited Power Stations

304

Here you can view a list of all of the Power Stations that have been approved to create Renewable Energy Certificates.

The Register of Applications for Accredited Power Stations

247

Here you can view a list of all of the Power Station Applications that exist within the Central Registry system. This list will show power stations that are under application as well as those that have been approved.

The Register of Registered Persons

1035

Here you can view a list of all the Persons, be it individuals or companies, that have been approved to create Renewable Energy Certificates.

User Login Area

Username :

Password :

Login

[Lost your password?](#)

[Apply for an Account](#)

Site By

Terms & Conditions | Privacy | Contact Us | Site By | version 2.4

Internet

Information contained in the REC Registry

The screenshot displays the REC Registry website interface. The main page features a search section titled "Search Register of Renewable Energy Certificates" with a "Search Criteria" form. The form includes fields for "Creator (Registration Number)", "Accred", "Creation Year", "Fuel Source", "State", and "Status", along with "Search" and "Re" buttons. Below the form, it states: "The exact number must be entered if using the Registration Number".

An inset window shows the "REC Details" for a specific certificate. The details are as follows:

- Certificate Number : 000016-BEBGAC01-2008-000001
- Certificate Details**
- Creator (Registered Person Code) : 16
- Accreditation Code : BEBGAC01
- Generation Year : 2008
- Serial Number : 1
- Certificate Creation Date : 02/04/2008
- Fuel Source : Landfill Gas
- Created By :
- Current Owner :
- Current REC Status : Registered

Below the details is a "Transfer History" table:

Date Of Transfer	Buyer	Seller
15/4/2008 13:48:34	Attunga Capital Pty Ltd	EDL LFG (ACT) Pty Ltd
18/4/2008 12:20:09	Hydro-Electric Corporation	Attunga Capital Pty Ltd

The background page also shows a "Holdings" section with a table of "Certificates" and their values:

Certificates	Value
12481947	
12359851	
117078	
0	
5018	
570179	
23190875	
19176108	
2396890	
1617877	

The website footer includes "Terms & Conditions", "Privacy", "Contact Us", "Site By", and "version 1.3". The browser's taskbar at the bottom shows several open applications, including "Bioenergy 2008", "Microsoft PowerPoi...", "Welcome to the RE...", and "Microsoft Excel non...". The system clock indicates the time is 8:36 PM.

Questions



Eligibility and processes

Amar Singh

Deputy Regulator – Market Operations



Australian Government
Office of the Renewable Energy Regulator

Terminology

- RET – Renewable Energy Target
- REC – Renewable Energy Certificate
- EITE – Emissions-Intensive Trade-Exposed
- PEC – Partial Exemption Certificate
- Prescribed person – a person entitled to apply for a PEC
- Liable entity – a wholesale purchaser of electricity with a liability under the RET scheme



Partial Exemption - EITEs

Activity so far -

- **Amendments to the Act (September 2009)**
 - **Regulations (March 2010)**
-
- The RET legislation and regulations include provisions to provide partial exemptions from RET liability.
 - Partial exemption may be provided for electricity used in defined emissions-intensive trade-exposed (EITE) activities



Partial Exemption - Result

Partial exemption is provided in recognition of an increase in electricity prices as a result of the expanded RET

- ***Moderately emissions-intensive – 60% exemption from expanded RET***
- ***Highly emissions-intensive – 90% exemption from expanded RET***



Why exemption?

Eligible parties



Liabile parties



EITEs



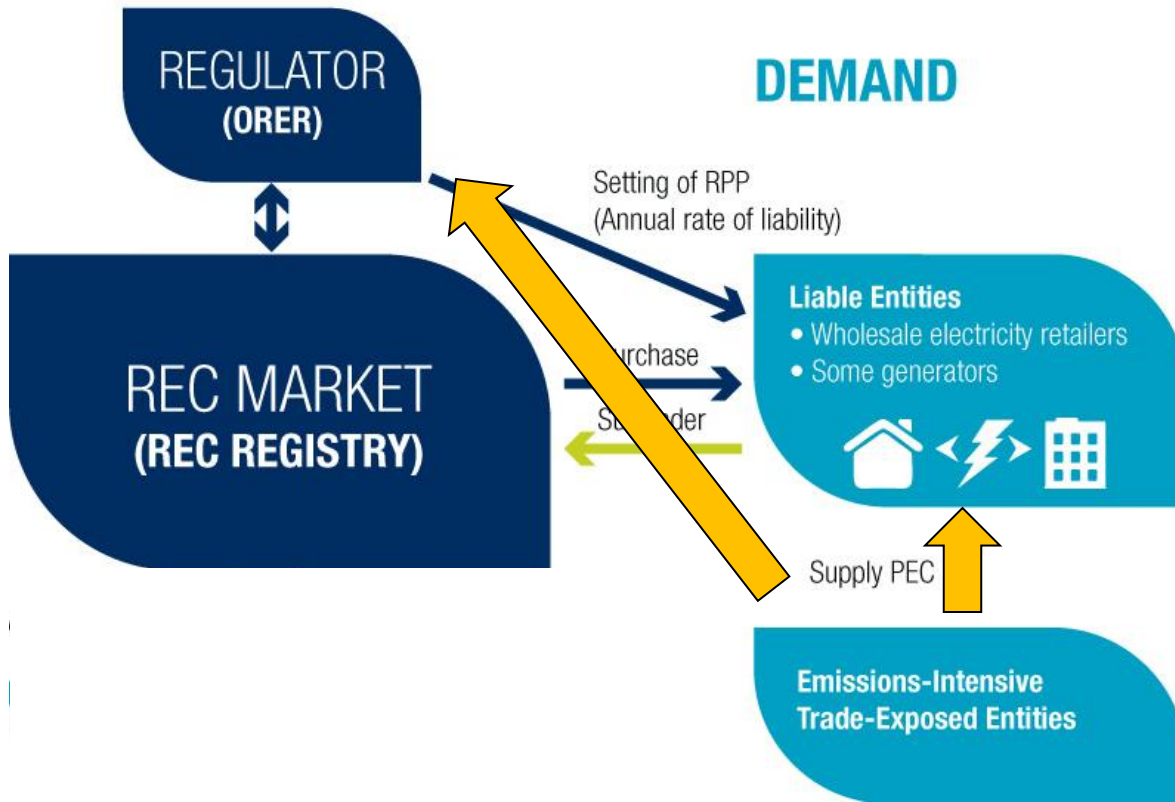
Increased target
Increase in projects

Increased liability
Purchase more RECs

Flow on electricity costs



REC Market



EITEs process

- Step 1:** Determine eligibility for PEC
- Step 2:** Apply for PEC
- Step 3:** PEC issued by ORER
- Step 4:** Supply PEC to liable entity



EITEs process

Step 1: Determine eligibility for a PEC



Eligibility for PEC

- production of glass containers
- production of bulk flat glass
- production of methanol
- production of carbon black
- production of white titanium dioxide (TiO₂) pigment
- production of silicon
- smelting zinc
- integrated production of lead and zinc
- aluminium smelting



Eligibility for PEC

- production of high purity ethanol
- production of magnesia
- manufacture of newsprint
- dry pulp manufacturing
- cartonboard manufacturing
- packaging and industrial paper manufacturing
- printing and writing paper manufacturing



Eligibility for PEC

Schedule 6 of Regulations contains:

- Definition of activity
- Classification of activity
 - highly/moderately emissions intensive
- Electricity baseline for activity

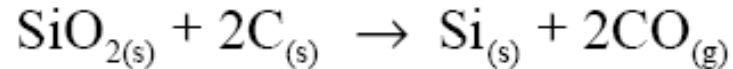
Table - EITE activity summary in your folder



Example (from regs) – Silicon - Definition

Production of silicon

- (1) The production of silicon is the chemical transformation of silica (silicon dioxide (SiO_2)) to produce silicon (Si) with a concentration of silicon equal to or greater than 98.0%, conducted in accordance with the overall chemical equation:



- (2) The production of silicon is specified as an emissions-intensive trade-exposed activity.



Example – Silicon

Classification of activity

The production of silicon is a highly emissions-intensive activity.

Note See subregulations 22ZA (2) and (5).

- Entitles the activity to 90% rate of partial exemption



Eligibility for PEC

Electricity baseline for activity

- Amount of electricity used in activity per unit of production
 - Instead of directly measuring electricity consumed in the EITE activity, measure production quantities and use the electricity baseline to calculate electricity consumption (used to determine the level of partial exemption)

Example:

The electricity baseline for the activity 'production of carbon black' is 0.514MWh per tonne.

If 100,000 tonnes of carbon black are produced at a site in a year, the electricity consumption is: $[0.514\text{MWh/tonne} \times 100,000 \text{ tonnes}] = 51,400\text{MWh}$

Example – Silicon

Electricity baseline for product

The electricity baseline for calculating the amount of a liable entity's partial exemption in respect of the production of silicon is 11.7 MWh per tonne of silicon that:

- (a) has a concentration of silicon equal to or greater than 98.0%; and
- (b) is produced by carrying on the emissions-intensive trade-exposed activity; and
- (c) is of saleable quality.

Note *Saleable quality* is defined in regulation 22C.



EITEs not currently eligible

For EITE activities not included in the ORER Regulations:

- Contact the Department of Climate Change and Energy Efficiency's policy team for information on how to include the EITE activity.
- 1800 018 831 or RET@climatechange.gov.au



Questions



EITEs process

Step 2: Apply for a PEC

- Download the application form from the website www.orer.gov.au/eites
- Complete the application form – ORER can assist
- Submit the application form to ORER with supporting documentation



Step 2: Application for PEC

- Applications for the 2010 year (1 January – 31 December 2010) may be made up to **31 October 2010**.
- For subsequent years applications must be made before 1 January of the year to which the application applies.

For example: applications for the 2011 year must be made before 1 January 2011

- **No extension to application due dates possible**



Application for PEC – liable entity changes

If there is a change of liable entity:

- Prescribed person may apply for a second PEC in relation to the second liable entity
- Applications for the 2010 year may be made up to **1 January 2011**

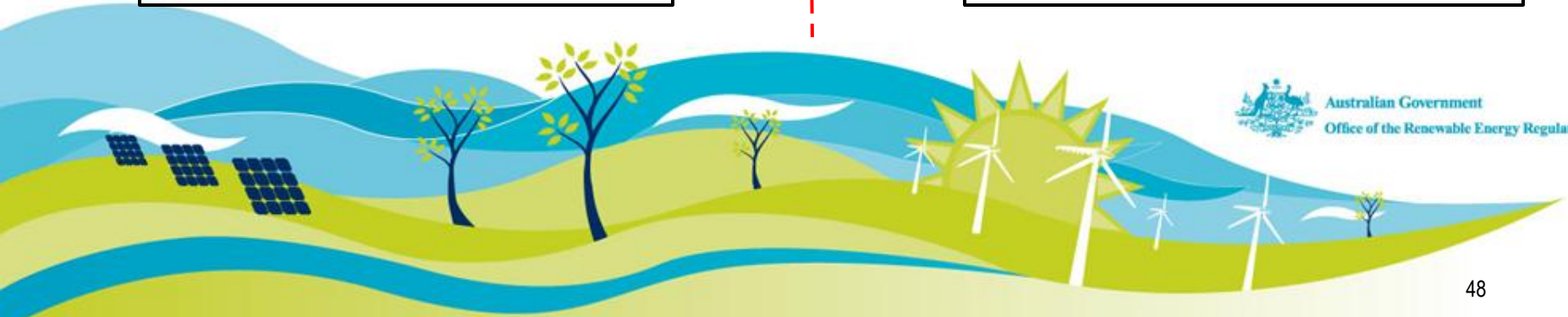
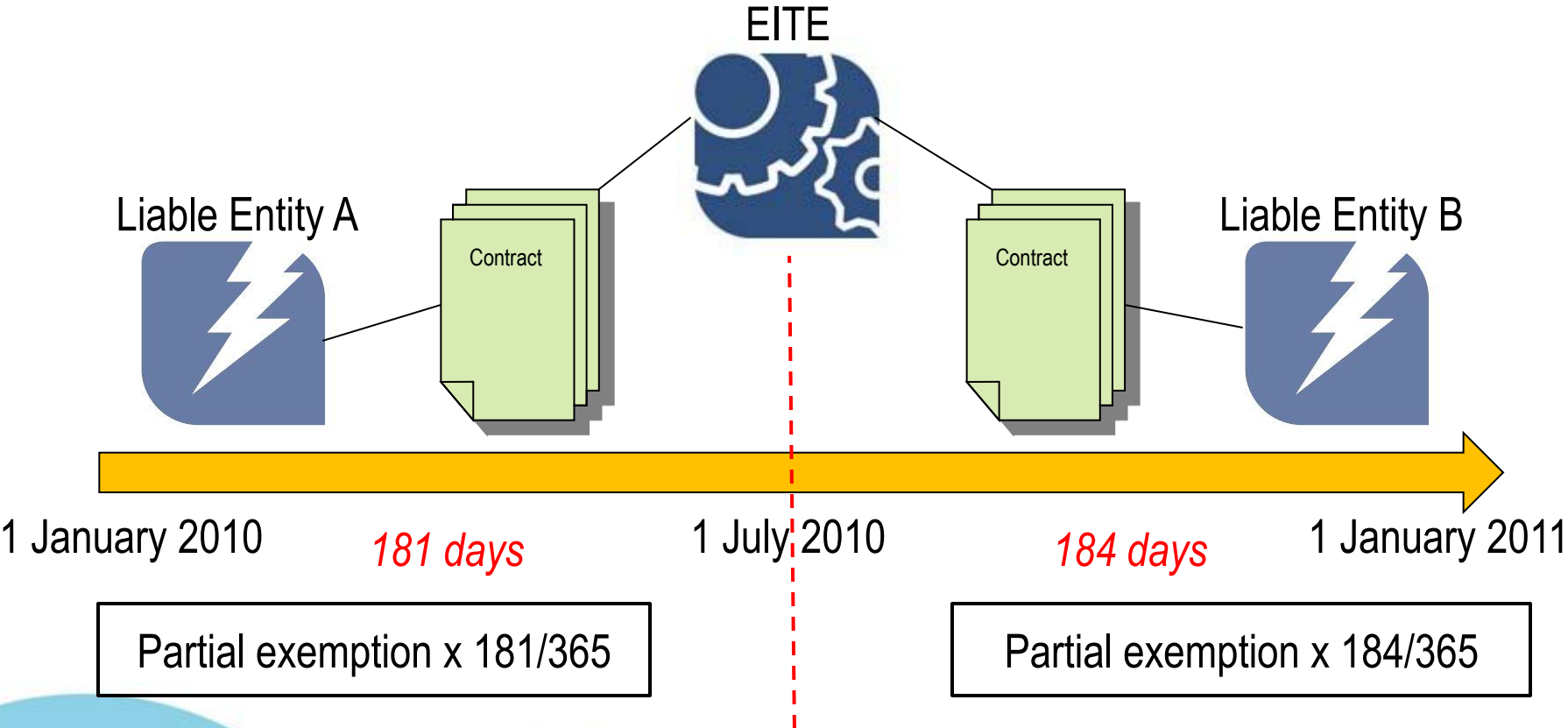


Application for PEC – liable entity changes

- ORER will issue a second PEC
 - providing pro-rata amount of partial exemption (based on number of days of liability in the year) to the second liable entity
- ORER will then amend the first PEC
 - reducing the amount of partial exemption by the amount in the second PEC



Application for PEC – liable entity changes



Application for PEC – multiple liable entities

If there are multiple liable entities:

- Prescribed person may apply for a PEC in relation to a second liable entity
- Applications for the 2010 year may be made up to **1 January 2011**

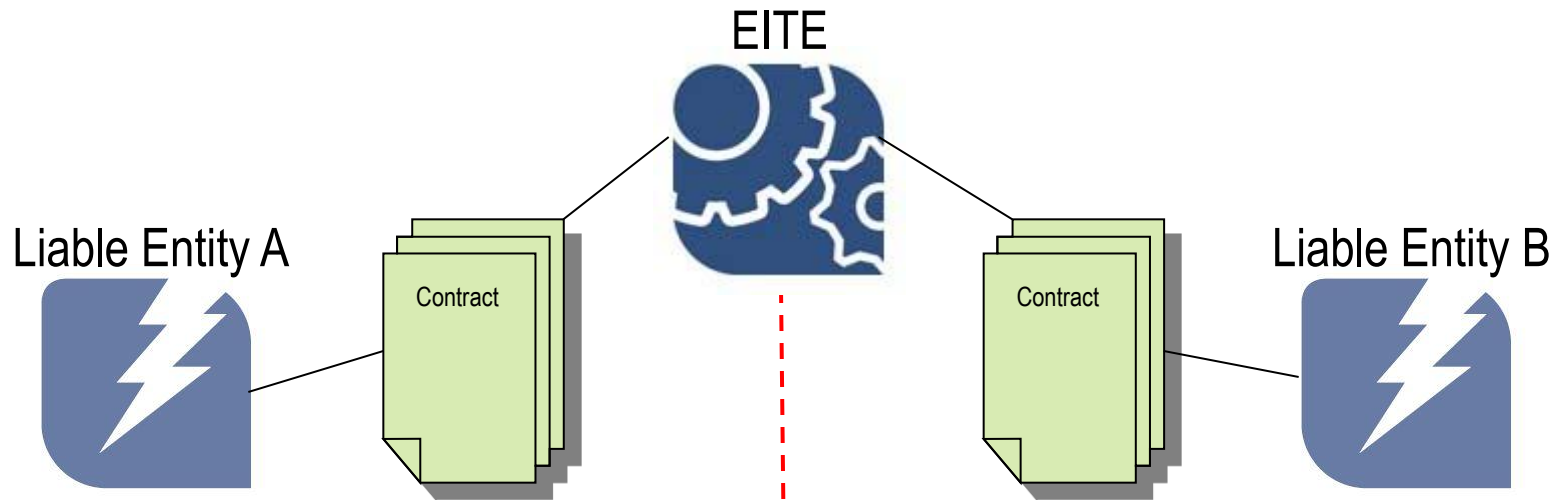


Application for PEC – multiple liable entities

- ORER will issue a second PEC
 - providing pro-rata amount of partial exemption (based on total expected relevant acquisitions in the year) to the second liable entity
- ORER will then amend the first PEC
 - reducing the amount of partial exemption by the amount in the second PEC



Application for PEC – multiple liable entities

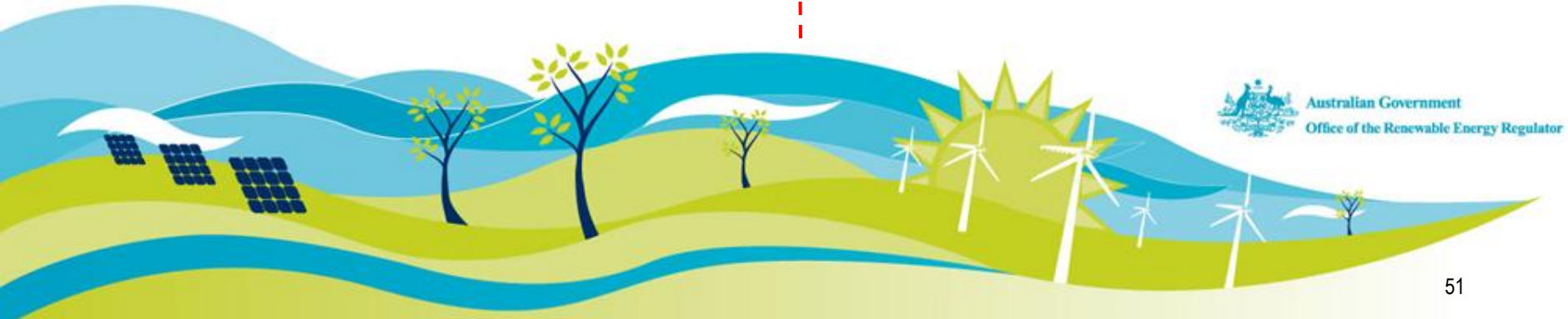


60,000MWh of relevant acquisitions

40,000MWh of relevant acquisitions

Partial exemption x [60,000/100,000]
= Partial exemption x 60%

Partial exemption x [40,000/100,000]
= Partial exemption x 40%



EITEs process

Step 3: PEC issued by ORER

- Prescribed person will receive a PEC stating the amount of megawatt-hours of electricity and the liable entity that can get exemption



EITEs process

Step 3: PEC issued by ORER

2010 and 2011 years:

- PEC issued within 60 days from receipt of application
- However if further information requested – PEC issued within 45 days from receipt of the further information

2012 onwards – timelines reduced



EITEs process

Step 4: EITE to provide a copy of the PEC to named liable entity

- Transfer of a PEC is a matter between the EITE prescribed person and the liable entity
- ORER does not have any role in overseeing this transaction



Auditing and compliance

- ORER will be conducting audits of information provided in the PEC application - particularly production data, EITE activity related details and the liable/non liable electricity information
- Act provides Regulator with authority to search premises and seek information
- Result – Amendment to the PEC, possible penalties under the Act



Amending a PEC

The Regulator may amend a PEC in the following circumstances:

- Upon request in writing by the prescribed person;
- If activity ceases at site;
- If PEC is inaccurate.



Liabe Entities - defined

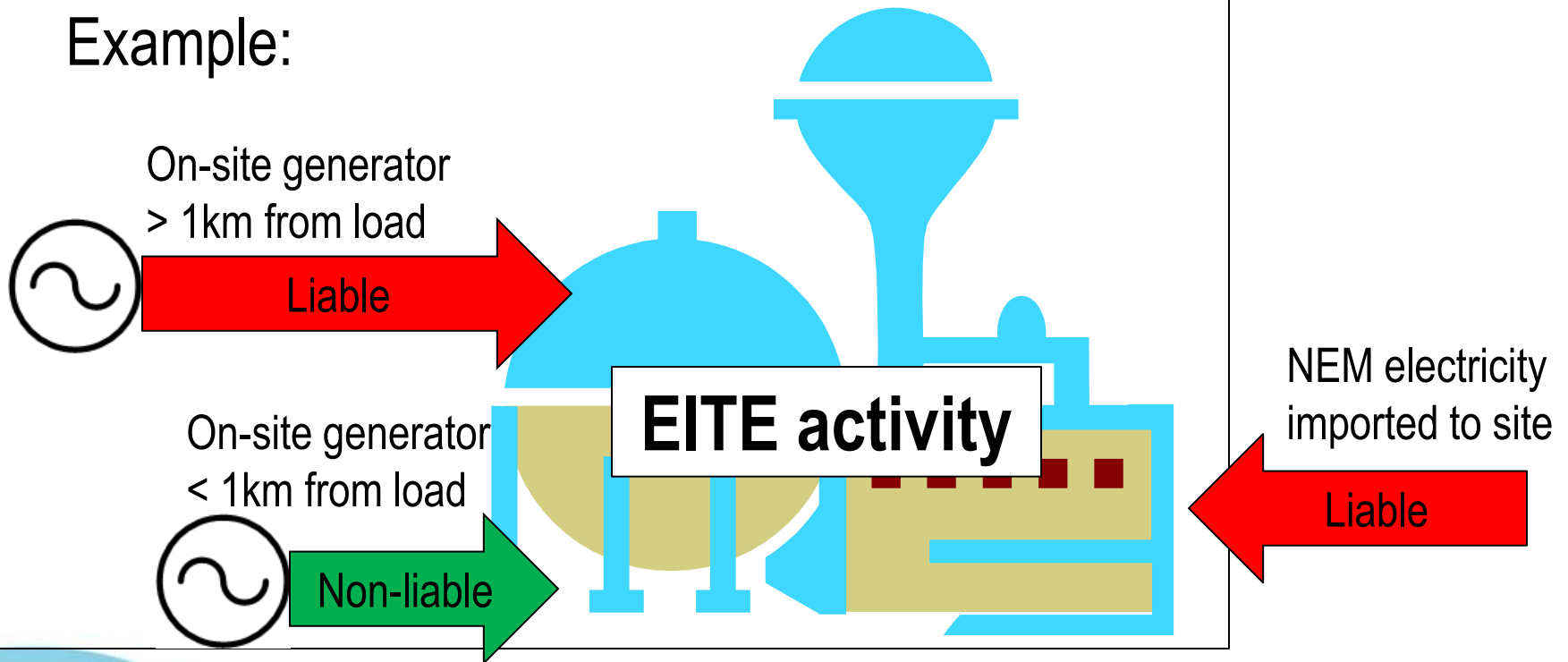
- Liabe entities are typically electricity retailers
- Acquire RECs and surrender them through the REC Registry to ORER by 14 February for the previous compliance year
- Required to report to the Regulator – the sum of all relevant acquisitions of electricity.
- Report through lodgement of an Annual Energy Acquisition Statement (AEAS) or Renewable Energy Shortfall Statement (RESS) with ORER by 14 February.
- Fail to meet their liability pay a renewable energy shortfall charge. Currently \$65 per REC.



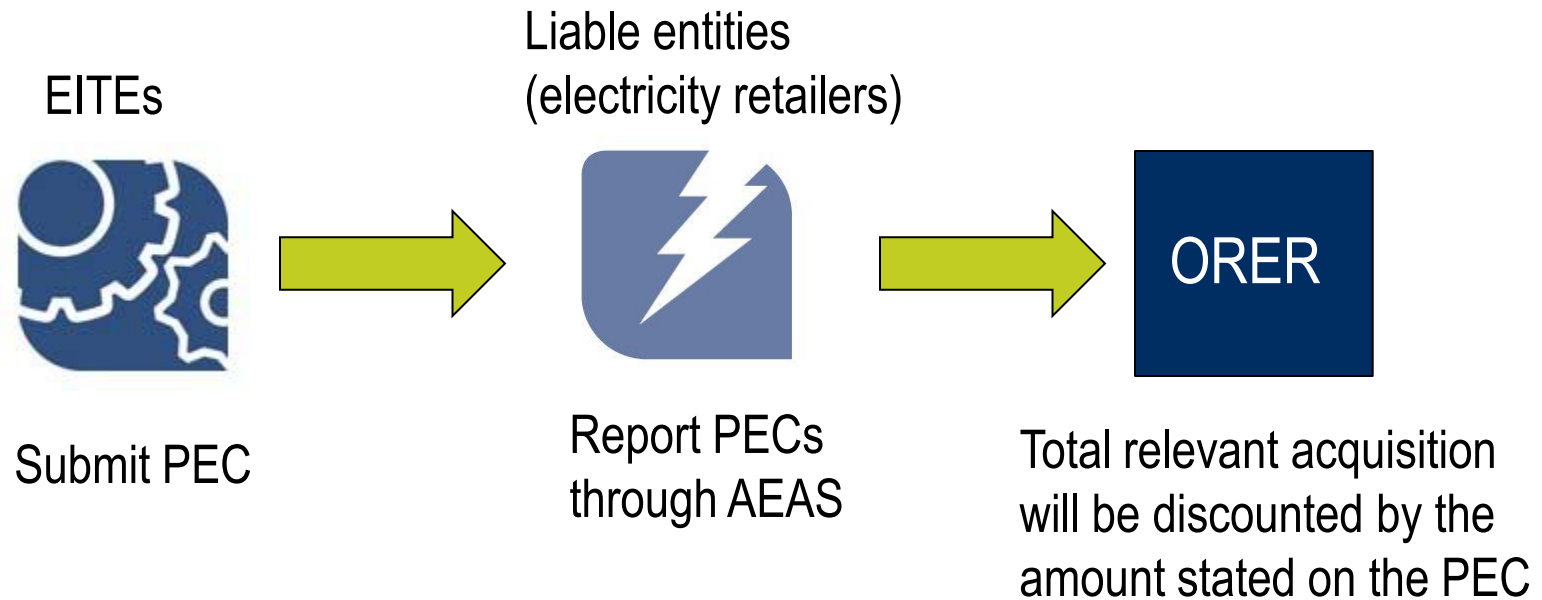
Relevant acquisition

All electricity used on site is an acquisition

Example:



Partial exemption process



Liable Entities

- AEAS and RESS will include a new section regarding PECs. Released on ORER website approx **November 2010**
- Liable entities can communicate to potential EITES information regarding PECs – ORER can assist



How liable entities work out RET liability with a PEC

Liability = [total relevant acquisitions MWh - partial exemption MWh] x RPP

➤ REC liability is effectively reduced by [partial exemption (MWh) x RPP]

Example:

In the 2010 year the RPP is 5.98% and a liable entity has total relevant acquisitions of 100,000MWh and a PEC which provides 20,000MWh of partial exemption.

Liability = [100,000 - 20,000] x 5.98% = 4,784MWh = 4,784 RECs

ie. liability is reduced by [20,000 x 5.98%] = 1,196MWh = 1,196 RECs

At a \$40 REC price = \$47,840

At a \$50 REC price = \$59,800

Questions



Applying for a PEC

Kim Collins

Partial Exemptions Team Manager



Australian Government
Office of the Renewable Energy Regulator

How to apply for a PEC



Australian Government
Office of the Renewable Energy Regulator

<http://www.orer.gov.au/eites>

2010 Application for Partial Exemption Certificate

Version 1.1
as updated
March 2010

The object of Division 1A of Part 4 of the *Renewable Energy (Electricity) Act 2000* (the Act) is to provide a partial exemption from the renewable energy shortfall charge for liable entities in respect of electricity supplied to emissions-intensive trade-exposed (EITE) activities.

A prescribed person may apply to the Regulator for a partial exemption certificate (PEC) in relation to a liable entity for the electricity supplied to an EITE activity carried on at a site during a calendar year. Eligible EITE activities are defined in Schedule 6 of the *Renewable Energy (Electricity) Regulations 2001* (the Regulations).

A PEC provides the liable entity with exemption from liability for a certain amount of megawatt-hours of electricity in the given compliance year. The level of exemption is based on financial year production and other relevant variables as detailed in Division 5 of Part 3A of the Regulations. The liable entity must provide a copy of the PEC(s) with their annual energy acquisition statement for the given compliance year to reduce their liability by the designated amount of electricity.

The ORER recommends that potential prescribed persons are familiar with the legislation prior to applying for a PEC.

Lodgement Details

The 'Application for Partial Exemption Certificate' form must be completed and lodged on or before the **31 October 2010**.

Completed applications must be lodged by post to the below address or by fax on (02) 6159 7780. The ORER advises applicants that faxing the application is undertaken at their own risk, as security cannot be guaranteed. If the application is sent by fax, the original application must also be sent by post to the Regulator.

Office of the Renewable Energy Regulator
GPO Box 621
CANBERRA ACT 2601

NOTE: Please keep a copy of your completed Application for Partial Exemption Certificate form. If a copy of the completed form is requested by a person other than the primary contact, then authorisation from the company chief executive or equivalent will be required.

If you have any questions or issues regarding this application form please contact a member of the ORER Partial Exemptions team before lodgement, by phone on 02 6159 7700 or via email at orer@orer.gov.au

In this application form:

"LIABLE ENTITY" - the liable entity for the application

Australian Government
Office of the Renewable Energy Regulator

General

- Complete all sections of the form
- Not sufficient space – provide an attachment
- Reference and label attachments in logical manner
- Lengthy or sizeable attachments may be provided in electronic format



Aims of completing the PEC form

Need to find out:

- Which category of prescribed person
- Who is the liable entity
- Which EITE activity
- Site details
- Proportion of electricity used that is liable
- Amount of production

... in order to determine eligibility and calculate the partial exemption



Prescribed Persons

Section A of application (pg.3)

Application must be made by a prescribed person
(generally - the entity carrying on EITE activity)



Prescribed Persons

Section A of application (pg.3)

Scenario 1: Contract with liable entity

Existing contract

- *prescribed person — person with contract for supply of electricity to site (Reg 22G)*

New contract

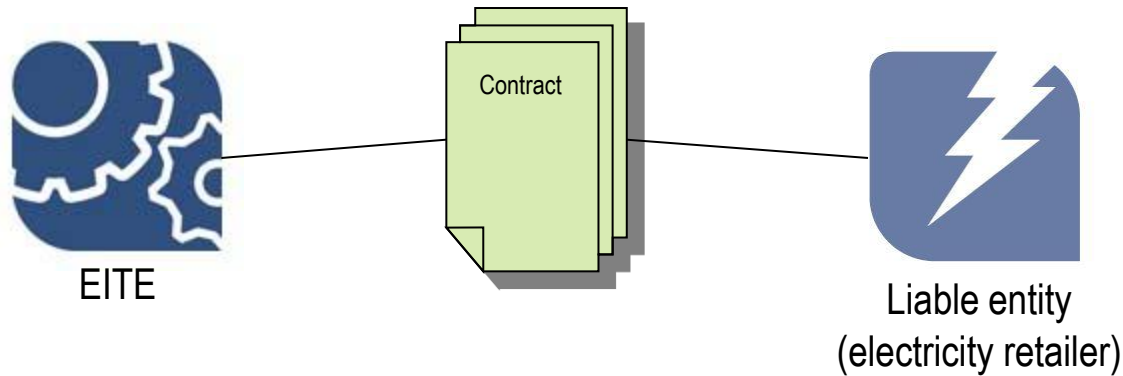
- *prescribed person — person with a new contract for supply of electricity (Reg 22J)*



Prescribed Persons

Section A of application (pg.3)

Scenario 1: Contract with liable entity



Example: you have a contract (existing or new) to purchase electricity from a retailer for use in the EITE activity of smelting zinc



Prescribed Persons

Section A of application (pg.3/4)

Scenario 2: Liable entity with operational control

For current EITE activity at site

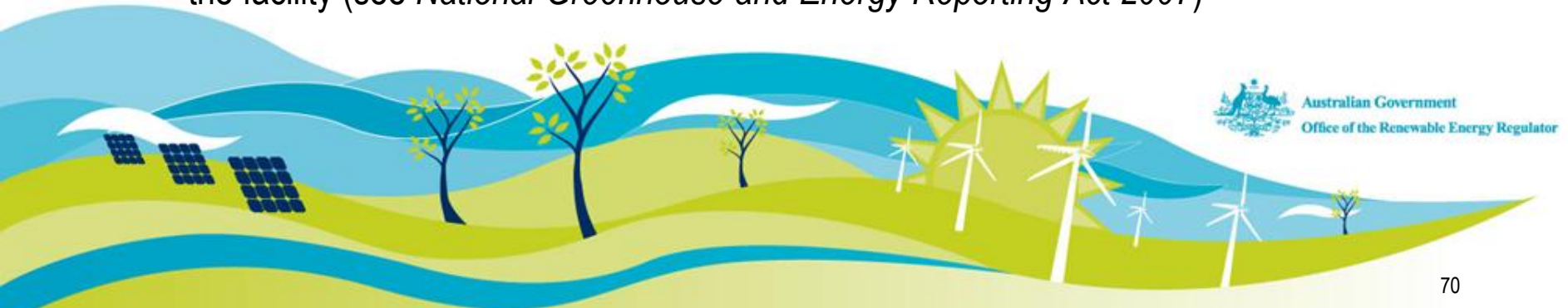
- *prescribed person — liable entity with operational control (Reg 22H)*

For future EITE activity at site

- *prescribed person — liable entity for future activity (Reg 22I)*

Operational control

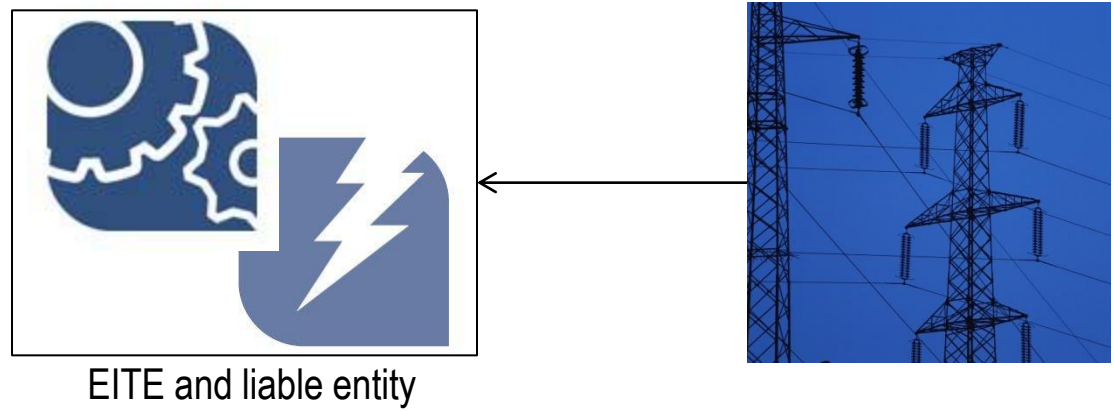
- In general – has authority over operating / health and safety / environmental policies for the facility (see *National Greenhouse and Energy Reporting Act 2007*)



Prescribed Persons

Section A of application (pg.3/4)

Scenario 2: Liable entity with operational control



Example: you (will) conduct the EITE activity of smelting zinc, and purchase wholesale electricity from the National Electricity Market



Prescribed Persons

Section A of application (pg.4)

Scenario 3: Nominated person

You are a controlling person in relation to the principal facility at the site
Prescribed person gives ORER prior notice that you will apply for PEC

- *prescribed person — nominated person (Reg 22K)*

Example: you operate a zinc smelter, but an intermediary person contracts with the liable entity for the supply of electricity to the zinc smelter.

The intermediary (as the prescribed person) nominates you to apply for the PEC.



Questions



Applicant details

Section B of application (pg.4)

Provide company details

Nominate:

- a primary contact person
- a secondary contact person



Liable Entity details

Section C1 and C2 of application (pg.5)

- Provide details of the liable entity that the application relates to

If there is more than one liable party for the electricity used at the site

Provide details in section C2



Liabe Entity details

Section C2 of application (pg.5)

What if you do intend to apply to be a prescribed person in respect of a second liable entity under Reg 22M?

Once first PEC has been issued:
lodge “Application for PEC (Second Liable Entity)”



EITE activity

Section D of application (pg.6)

It is the responsibility of prescribed person to identify whether an EITE activity is carried on at a site (see Schedule 6 of Regulations)

One EITE activity per application

If multiple EITE activities are carried on at the same site...

Nominate which EITE activity this application relates to

Lodge a separate application for each EITE activity



EITE activity

Section D of application (pg.6)

Explain how the EITE activity is carried on at the site:

- Describe how the processes conducted at the site constitute the activity definition of Schedule 6 of the Regulations
- Attach process diagrams and other supporting material as relevant

Example – aluminium smelting

Describe how, in the EITE activity at the site, the Hall-Héroult process is used to transform alumina into saleable aluminium metal



EITE activity

Section D of application (pg.6)

- Explain how requirements relating to the conduct of the EITE activity will be met
 - Demonstrate that the processes conform with any specific requirements of Schedule 6 of the Regulations

Example – smelting zinc

The activity definition requires zinc output of $\geq 99.95\%$ purity

- Explain how the smelting process at the site is capable of meeting this concentration requirement



EITE activity

Section D of application (pg.6)

If the EITE activity has not yet commenced at the site:

- What approvals are necessary for the conduct of the EITE activity?
 - Commonwealth, State/Territory and Local government
- Have the approvals been obtained?

For example: Commonwealth government EPBC approval, State government environmental approval and/or license, State government planning/construction approval, etc.



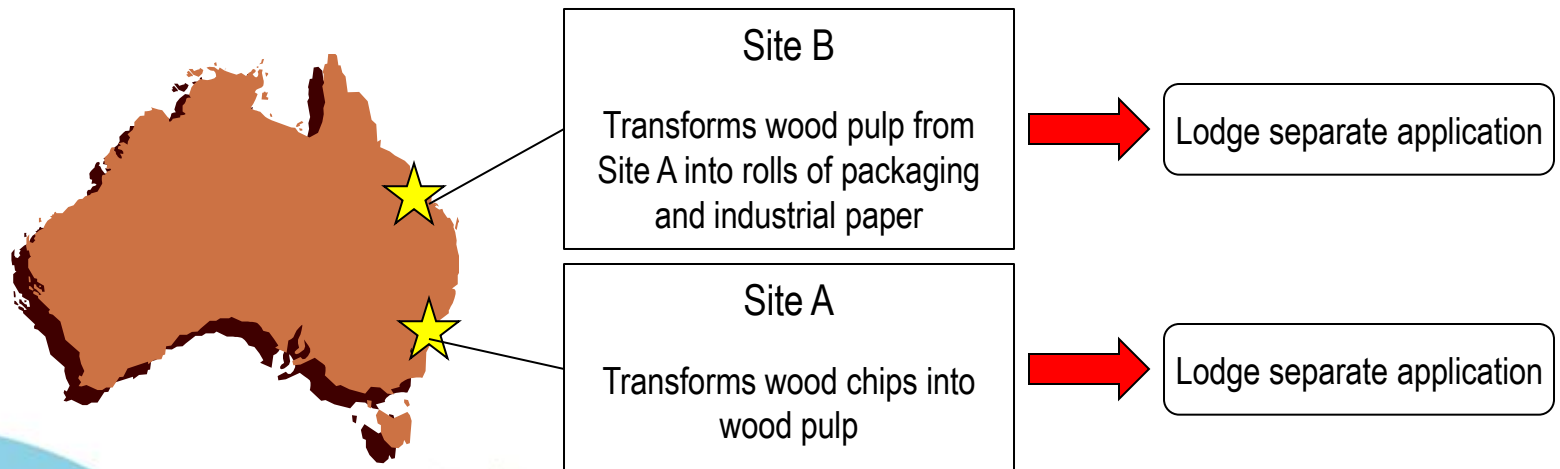
Site Details

Section E of application (pg.7)

The site is the geographical location at which the EITE activity is conducted

One site per application

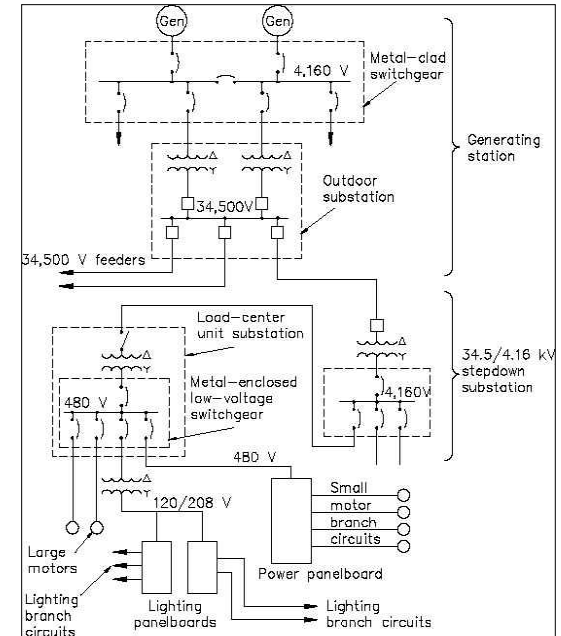
- Example: Packaging and Industrial Paper Manufacturing



Site Details

Section E of application (pg.7/8)

- Name and location of site
- Provide maps of the site showing EITE activity and sources of electricity supply
- Any facilities at the site not related to EITE activity?

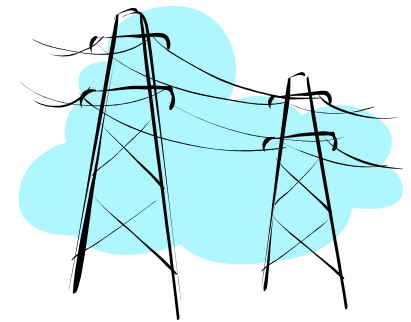


Site Details

Section E of application (pg.7)

Establish proportion of electricity used on site that is liable:

- Is there any on-site generation capacity and is the output a relevant acquisition?
- Is there electricity used on site that is not a relevant acquisition?
- s31(2) of the Act specifies when an acquisition is not a relevant acquisition
 - Not on a liable grid (liable grid = installed capacity $\geq 100\text{MW}$)
 - Self-generation provisions



Site Details

Section E of application (pg.7)

Establish proportion of electricity used on site that is liable:

$$G = \frac{EC - EG}{EC}$$

In 2008/09 financial year what was the amount of:

total electricity used at the site [EC]

non-liable electricity used at the site [EG]

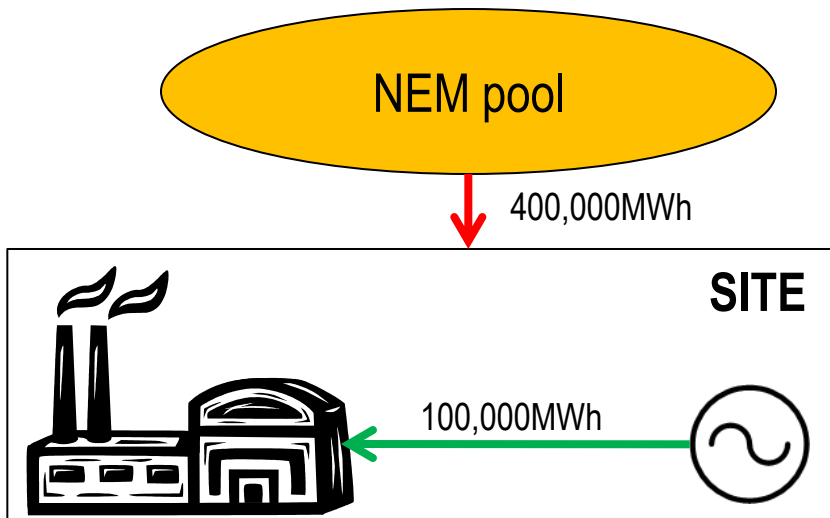


Site Details

Section E of application (pg.7)

Establish proportion of electricity used on site that is liable

Example – in 2008/09:



— Liabile electricity
— Non-liabile electricity

$$G = \frac{EC - EG}{EC}$$

$$EG = 100,000\text{MWh}$$

$$G = [500,000 - 100,000] / [500,000] = \mathbf{80\%}$$

Site Details

Section E of application (pg.8)

- Are there any planned changes to the site which may affect future electricity consumption?

Example: the planned decommissioning of one production line is estimated to result in a 10% decrease in electricity consumption at the site



Questions



Production of relevant product

Section F of application (pg.9)

What is relevant product?

→ The product defined in Division 3 of activity definition in the Regs

Example: methanol

Division 3 Electricity baseline for calculating partial exemption

610 Electricity baseline for product

The electricity baseline for calculating the amount of a liable entity's partial exemption in respect of the production of methanol is 0.490 MWh per tonne of 100% equivalent methanol (CH_3OH) that is produced by carrying on the emissions-intensive trade-exposed activity.



Production of relevant product

Section F of application (pg.9)

Complete Section F once for each type of relevant product

Example:

The EITE activity 'production of magnesia' may produce 3 types of relevant product:

- Caustic calcined magnesia
- Deadburned magnesia
- Electrofused magnesia

➤ Complete Section F once for each type of magnesia produced at the site



Production of relevant product

Section F of application (pg.9)

Select a financial year for which to report production:

- 2006/07, 2007/08 or 2008/09
- Or - if no production in any of those years - 2009/10
- Choice of years in 2010 for flexibility



Production of relevant product

Section F of application (pg.9)

Select a financial year for which to report production

- In future application years must report production for the previous financial year
 - Eg. In 2011 must report production for 2009/10 financial year
- True-up mechanism adjusts for discrepancies between reported and actual production



Production of relevant product

Section F of application (pg.9)

Is the site part of an activity group?

Activity group =

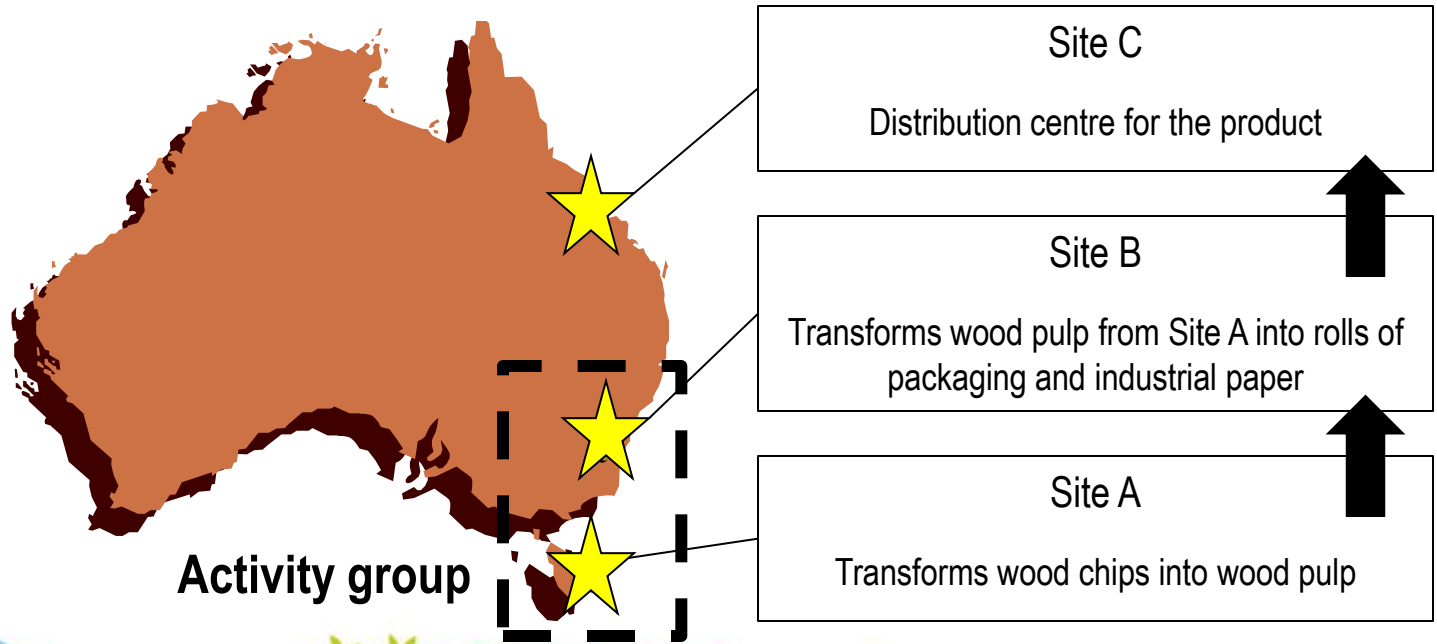
- a single production process as part of an EITE activity is carried on across two or more different sites
- an intermediate product is transferred between the sites



Production of relevant product

Section F of application (pg.9)

Is the site part of an activity group?



Production of relevant product

Section F of application (pg.9)

If the site IS part of an activity group: apportion total production between sites using formula:

$$PT \times \frac{ES}{ET}$$

- PT = total production from all sites in the activity group
- ES = estimated electricity consumption at site
- ET = sum of ES for all sites in the activity group*

*discounting ancillary sites



Production of relevant product

Section F of application (pg.9)

For each site – estimate electricity consumption based on the ratio:

$$\frac{\textit{EITE activity electricity consumption}}{\textit{total site electricity consumption}}$$

- If <80%, estimate EITE activity electricity consumption only
- If ≥80%, estimate total site electricity consumption



Production of relevant product

Section F of application (pg.9)

➤ For activity group with total production of 184,000 tonnes of relevant product (PT):

Site	% of site electricity used in EITE activity	Amount of site electricity	ES	PT x [ES / ET]
Site A	50%	128,000 MWh	64,000 MWh	$184,000 \times [64,000 / 156,000]$ = 75,487.2 tonnes
Site B	90%	42,000 MWh	42,000 MWh	$184,000 \times [42,000 / 156,000]$ = 49,538.4 tonnes
Site C	20%	250,000 MWh	50,000 MWh	$184,000 \times [50,000 / 156,000]$ = 58,974.4 tonnes
SUB TOTAL (ET)			156,000 MWh	



Production of relevant product

Section F of application (pg.9)

State amount of relevant product that was produced in the nominated financial year

Example:

100,000 tonnes (of carbon black produced in 2008/09 fy)

The relevant product must be referrable to the site:

- Produced from the EITE activity carried on at the site
- If part of an activity group, must be calculated accordingly



Production of relevant product

Section F of application (pg.9)

The relevant product must be of saleable quality

- Has commercial value as the output of EITE activity process
- Does not include sub-standard product that was discarded
- Product that is recycled back into EITE activity is only counted as saleable quality once
- Does not include product that was scrapped or lost before packaging



Production of relevant product

Section F of application (pg.10)

On what basis was the amount of relevant product calculated?

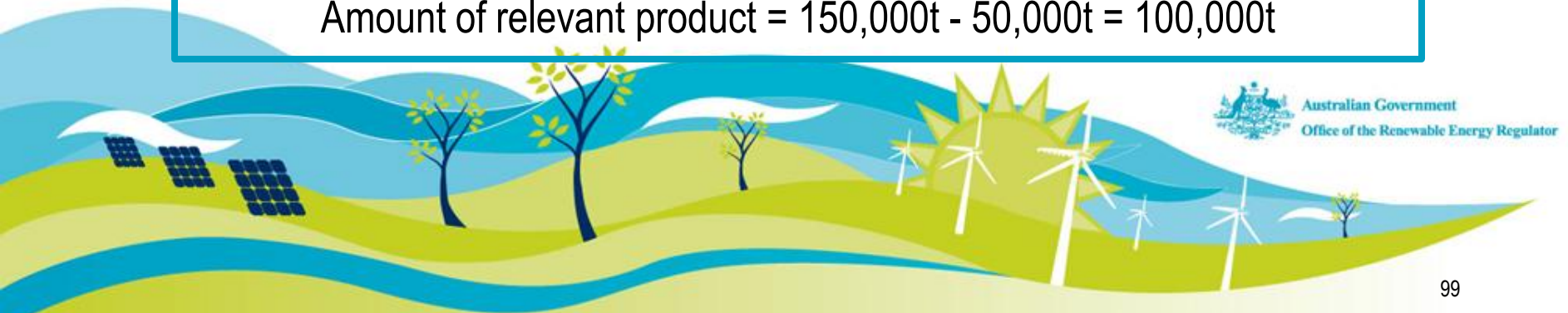
- How did you determine how much of your overall production is relevant product?

Example – production of methanol:

The methanol must be a product of the EITE activity at the site.

150,000 tonnes of methanol is produced at the site in the nominated financial year. However the total includes 50,000 tonnes of imported methanol which is blended in at an earlier stage of the production process.

Amount of relevant product = 150,000t - 50,000t = 100,000t



Production of relevant product

Section F of application (pg.10)

On what basis was the amount of relevant product measured?

Example – production of carbon black:

- Measured in accordance with accredited industry test method
- Measured on daily basis
- $\pm 2\%$ measurement accuracy



Production of relevant product

Section F of application (pg.10)

If information/audit report concerning the quantity of relevant product was provided to DCCEE:

- Please provide a copy; and
- If you are now reporting a different quantity of relevant product – please explain why



Production of relevant product

Section F of application (pg.10)

- What is the annual production capacity of the site?
- Are there any planned changes to the site which may affect future production quantities?

Example: the commissioning of a second production line is estimated to double production capacity



Partial Exemption Calculation

Section G of application (pg.11)

Calculate expected MWh amount of partial exemption:

$$PE = EP \times ASP \times k \times G$$

Partial Exemption = [electricity baseline] x [relevant product] x [partial exemption %] x [liable %]

Electricity baseline – from Schedule 6 of Regulations

Relevant product – as reported at Section F of application

Partial exemption % – from Regulation 22ZA(2)(b)

Liable % – as determined in Section E of application



Partial Exemption Calculation

Section G of application (pg.11)

Partial Exemption = [electricity baseline] x [relevant product] x [partial exemption %] x [liable %]

Example calculation – production of high purity ethanol

Electricity baseline = 0.168MWh/kL of relevant product (from Schedule 6)

Relevant product = 100,000kL

Partial exemption % = 14.40% (moderately emissions-intensive activity)

LIABLE % = 100% (all electricity used in the activity is liable)

Partial Exemption = [0.168] x [100,000] x [14.40%] x [100%]
= **2,419.2 MWh**



Partial Exemption Calculation

Section G of application (pg.11)

Example calculation – production of magnesia

Partial exemption % = 21.60% (highly emissions-intensive activity)

Liable % = 100% (all electricity used in the activity is liable)

Caustic calcined magnesia

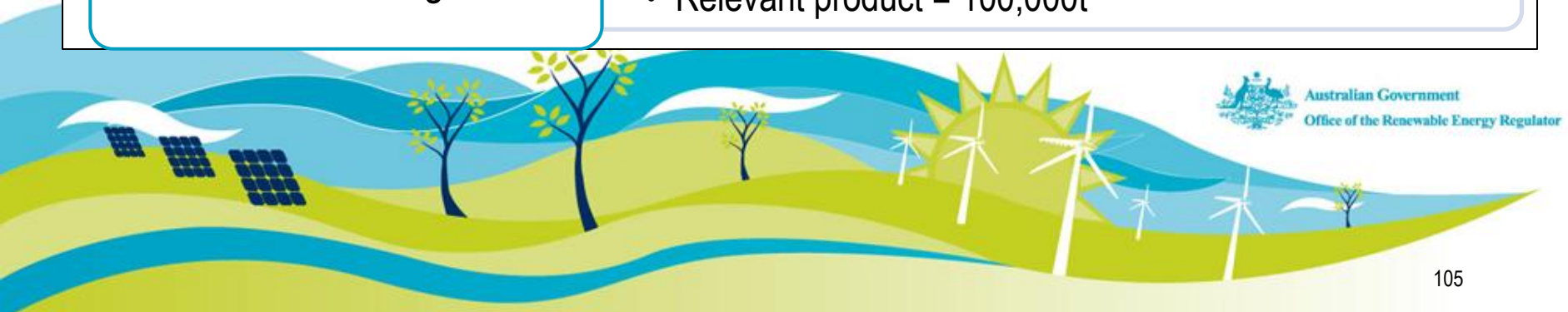
- Electricity baseline = 0.0757MWh/t
- Relevant product = 100,000t

Deadburned magnesia

- Electricity baseline = 0.202MWh/t
- Relevant product = 200,000t

Electrofused magnesia

- Electricity baseline = 2.45MWh/t
- Relevant product = 100,000t



Partial Exemption Calculation

Section G of application (pg.11)

Example calculation – production of magnesia (continued)

Caustic calcined magnesia

$$\bullet PE_1 = [0.0757] \times [100,000] \times [21.6\%] \times [100\%] = 1,635.12\text{MWh}$$

Deadburned magnesia

$$\bullet PE_2 = [0.202] \times [200,000] \times [21.6\%] \times [100\%] = 8,726.40\text{MWh}$$

Electrofused magnesia

$$\bullet PE_3 = [2.45] \times [100,000] \times [21.6\%] \times [100\%] = 52,920.00\text{MWh}$$

$$\begin{aligned} \text{Partial Exemption} &= PE_1 + PE_2 + PE_3 \\ &= [1,635.12] + [8,726.40] + [52,920.00] \\ &= \mathbf{63,281.52\text{MWh}} \end{aligned}$$



Declaration

Please sign declaration on last page and complete a statutory declaration



Lodgement

- On or before the 31 October 2010
- By post (or fax + post)
- Keep a copy of your application



SUMMARY

- Lodgement dates not extendable
- Please seek your own legal advice
- Contact the ORER for assistance



Further Information

Two websites:

- www.orer.gov.au
Provides information on Act and participation.
Detailed information, forms and fact sheets about the scheme are available from ORER website.
- www.rec-registry.gov.au – four registries
 - Register of RECs
 - Register of accredited power stations
 - Register of applications for power stations and
 - Register of registered persons



Questions Feedback form

