

Mandatory Renewable Energy Targets For NSW

New South Wales Premier Morris Iemma last week announced the state's new mandatory renewable energy targets.

The new targets mean that by law 10 per cent of electricity consumed in NSW by 2010 will have to come from renewable energy sources.

The mandatory figure will rise to 15 per cent in 2020.

The mandatory renewable energy target comes on top of the recently extended Greenhouse Gas Abatement Scheme which now runs to 2021.

“Today we are building on that success by setting mandatory targets for renewable energy, which means that in just four years, 10 per cent of our electricity will come from sources which produce no greenhouse gases,” the Premier said.

“Under this scheme, renewable generators will be able to create certificates for new generation.

“These certificates will be sold to electricity retailers which must surrender sufficient certificates to prove they have met the new targets,” Iemma said.

Retailers who do not reach the mandatory targets will face fines set at a level higher than the cost of purchasing renewable energy certificates in order to create an incentive to use renewable energy.

According to the NRET explanatory paper, the NSW Government believes that a coherent state-based national approach is preferable to individual uncoordinated state action and will seek to align the NSW renewable energy scheme with the Victorian scheme as a possible precursor to a potential national state-based renewable energy target.

esaa Chief Executive Brad Page said that this latest initiative continued the regrettable practice of piecemeal, uncoordinated and expensive measures that have become the hallmark of Australian greenhouse abatement policy over the past few years. He said “this initiative by the NSW government values carbon at over \$47 per tonne, four times the penalty rate in its own Greenhouse Gas Abatement Scheme and almost twice the current cost of carbon in the EU Emissions Trading Scheme. It favours a single technology and does not constitute a least-cost approach to carbon abatement.”

“There are many lower cost options than this approach, he said. This is not good policy and again highlights the urgent need for governments to work together to chart an efficient and least cost way to a lower emission economy.”

[Source esaa news]