

RENEWABLE ENERGY — BUYBACK SCHEME

5764. Mr C.J. Tallentire to the minister representing the Minister for Energy

- (1) Is it Government policy that the Government should intervene in the electricity market if there is a demonstrable market failure?
- (2) Is the rate set by Synergy to buy back renewable energy from residential and commercial customers a result of split incentives in the South West Interconnected System (SWIS)?
- (3) Why does this not represent the true value of renewable energy produced by these customers of the SWIS?

Mr J.H.D. DAY replied:

- (1) Markets with efficient regulatory frameworks are the preferred mechanisms for the supply of energy and the associated infrastructure and services. The Government is guided by the principle that it should intervene in energy markets only to the extent necessary to ensure public safety and address demonstrated market failure.
- (2)–(3) The seven cents per unit exported to the grid paid by Synergy is a fair and reasonable rate, as the electricity purchased by Synergy is not deemed to be renewable energy, given the Renewable Energy Certificates allocated to small scale renewable energy systems are generally consolidated by system providers and sold on the national renewable energy certificate market. The REBS rate of seven cents reflects the wholesale portfolio cost to Synergy of purchasing non-renewable electricity, and does not comprise other costs such as network charges and retail costs.