

Electricity Industry (Western Australian Renewable Energy Targets) Amendment Bill 2005

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Western Australia

LEGISLATIVE COUNCIL

(Introduced by Paul Llewellyn)

**Electricity Industry (Western Australian
Renewable Energy Targets) Amendment Bill
2005**

A Bill for

An Act to amend the Electricity Industry Act 2004 to impose as a condition of holding a retail licence to sell electricity in the South West interconnected system an obligation to acquire target levels of electricity generated from renewable energy sources.

The Parliament of Western Australia enacts as follows:

Part 1 – Preliminary

1. Short title

This is the *Electricity Industry (Western Australian Renewable Energy Targets) Amendment Act 2005*.

5 **2. Commencement**

This Act comes into operation on a day fixed by proclamation.

3. The Act amended

The amendments in this Part are to the *Electricity Industry Act 2004*.

Part 2 – Amendment of *Electricity Industry Act 2004*

4. Section 3 amended

Section 3 is amended by inserting after the definition of
“**relevant corporation**” —

5 “
“**renewable electricity percentage**” means the percentage
applicable in any year referred to in section 14A(3);
“**renewable energy target**” means a target referred to in
10 section 14A(2);
”.

5. Sections 14A to 14D inserted

After section 14 the following sections are inserted —

“

14A. Licence condition: Western Australian renewable energy target

- 15
- (1) It is a condition of every retail licence to sell electricity
in the South West interconnected system that the
licensee must, in each year in which the licensee holds
a licence, acquire an amount of electricity from
20 renewable energy sources that equals or exceeds the
licensee’s renewable energy target for that year.
- (2) The renewable energy target for each holder of a retail
licence is an amount of electricity, in megawatt hours,
calculated by multiplying the electricity acquired in the
25 year by the licensee within the South West
interconnected system by the renewable electricity
percentage for that year and rounding to the nearest
megawatt hour (rounding 0.5 up) unless adjusted in
respect of a relevant corporation by the Authority
30 under section 14C.

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- (3) The renewable electricity percentage for a year is the percentage adjacent to that year in the following table:

Year	Percentage (%)
2008	6.0
2009	7.2
2010	8.3
2011	9.5
2012	10.7
2013	11.8
2014	13.0
2015	14.2
2016	15.3
2017	16.5
2018	17.7
2019	18.8
2020 and subsequent years	20.0

- (4) This section applies to the year commencing on 1 January 2008 and to all subsequent years.

5 **14B. Licence condition: Renewable energy statement**

It is a condition of every retail licence to which section 14A applies that the licensee must, as soon as is practicable after December 31 of each year, submit to the Authority a renewable energy statement for the

10 year containing the following information:

- (a) the amount, in megawatt hours, of electricity acquired by the licensee;

- 5
- (b) the amount, in megawatt hours, of electricity from renewable energy sources acquired by the licensee; and
- (c) the following details of the entities from whom electricity from renewable energy sources was acquired by the licensee:
- 10
- (i) the name and postal address of the entity;
- (ii) the telephone number, facsimile number and email address (if any) of the entity; and
- 15
- (iii) the amount, in megawatt hours, of electricity from renewable energy sources acquired from the entity for the year.

14C. Reduction of renewable energy target by Authority

- (1) If the Authority is satisfied that an amount of electricity acquired by the holder of a retail licence in a year was used for the purpose of constructing or operating one or more generating works, or producing any product which is a source of renewable electricity under section 14D to be used for or in connection with the generation of renewable electricity then the Authority may:
- 20
- (a) reduce the renewable energy target for the licensee for the year;
- (b) reduce the renewable energy target for the licensee for a subsequent year or subsequent years; or
- 25
- (c) a combination of (a) and (b).
- 30

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- (2) In exercising the discretion conferred by subsection (1) the Authority must have regard to the following:
- (a) the total amount of electricity acquired by the licensee in the year;
 - 5 (b) the amount of electricity used by the licensee in the manner referred to in subsection (1) in the year;
 - (c) the amount of renewable energy acquired by the licensee in the year;
 - 10 (d) the nature of the licensee's operations; and
 - (e) any other factor which the Authority considers relevant.

14D. Meaning of "renewable energy"

- (1) In sections 14A to 14C "**electricity from renewable energy sources**" means, subject to subsections (2) to (6), electricity generated from the following sources:
- (a) hydro;
 - (b) wind;
 - (c) solar;
 - 20 (d) bagasse co-generation;
 - (e) black liquor;
 - (f) wood waste;
 - (g) energy crops;
 - (h) crop waste;
 - 25 (i) food and agricultural waste;
 - (j) landfill gas;
 - (k) municipal solid waste combustion;
 - (l) sewage gas;
 - (m) geothermal-aquifer;
 - 30 (n) tidal;

- 5 (o) wave;
(p) ocean;
(q) photovoltaic and photovoltaic Renewable Stand
Alone Power Supply systems;
(r) wind and wind hybrid Renewable Stand Alone
Power Supply systems;
(s) micro hydro Renewable Stand Alone Power
Supply systems;
(t) solar hot water;
10 (u) co-firing;
(v) fuel cells;
(w) hot dry rocks; and
(x) such other sources as may be prescribed.
- (2) For the purposes of paragraph (1)(f):
- 15 (a) if the wood waste is from a native forest,
biomass for energy production must not be the
primary purpose of a harvesting operation;
- (b) the wood waste must be:
- 20 (i) biomass produced from non-native
environmental weed species and
harvested for the control or eradication
of the species from a harvesting
operation that is approved under
relevant Commonwealth, State or
25 Territory planning and approval
processes; or
- (ii) a manufactured wood product or a
by-product from a manufacturing
process; or
- 30 (iii) waste products from the construction of
buildings or furniture, including timber
off-cuts and timber from demolished
buildings; or

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- (iv) sawmill residue; or
 - (v) subject to paragraph (c), if wood waste is from a native forest:
 - (A) a by-product or waste product of a harvesting operation, approved under relevant Commonwealth, State or Territory planning and approval processes, for which a high-value process is the primary purpose of the harvesting; or
 - (B) a by-product (including thinnings and coppicing) of a harvesting operation that is undertaken in accordance with ecologically sustainable forest management principles;
 - (c) wood waste to which paragraph (b)(v) applies must be:
 - (i) from an area where a regional forest agreement is in force and produced in accordance with ecologically sustainable forest management principles required by the agreement; or
 - (ii) if it is from an area where no regional forest agreement is in force, produced from harvesting that is undertaken in accordance with ecologically sustainable forest management principles that are consistent with those required by a regional forest agreement.
 - (d) for the purpose of paragraph (b)(v)(A), the primary purpose of a harvesting operation is taken to be a high-value process only if the total

financial value of the products of the high value process is higher than the financial value of other products of the harvesting operation; and

(e) wood waste from a plantation must be:

5 (i) a product of a harvesting operation
 (including thinnings and coppicing)
 approved under relevant
 Commonwealth, State or Territory
 planning and approval processes and for
10 which no product of a higher financial
 value than biomass for energy
 production could be produced at the
 time of harvesting; and

15 (ii) biomass managed in accordance with a
 code of practice approved under
 regulation 4B of the *Export Control*
 (*Unprocessed Wood*) *Regulations* (Cth)
 and taken from land that was not cleared
20 of native vegetation after
 31 December 1989 for the purpose of
 establishing the plantation;

25 (3) For the purposes of paragraph (g) an energy crop,
 including an agricultural or horticultural crop and its
 biomass by-products, must be grown as an energy
 source for the primary purpose of energy production.

 (4) For the purposes of paragraphs (n) to (p), electricity
 generated from an ocean, wave or tide energy source
 must be generated within the coastal waters of Western
 Australia,

30 (5) The following energy sources are not eligible
 renewable energy sources:

 (a) coal seam methane, waste coal mine gas and
 other products derived from coal or natural gas;

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- (b) waste heat from cogeneration if:
- (i) the waste heat is not used for electricity generation; and
 - (ii) the primary fuel source is not a source listed in subsection (1).
- (c) electricity generation from cogeneration using fossil fuels;
- (d) radioactive material;
- 10 (e) any component of co-firing or wastes that is not bioenergy; and
- (f) any other fossil fuels or waste products derived from fossil fuels.
- (6) In this section:
- 15 **“bioenergy”** means the energy derived from an energy source mentioned in paragraphs (1)(d) to (1)(l).
- “biomass”** means solid organic matter other than fossilised biomass.
- 20 **“coastal waters of Western Australia”** has the meaning given by section 3(1) of the *Coastal Waters (State Powers) Act 1980* of the Commonwealth.
- “cogeneration”** means a power generation process that provides electricity and process heat as outputs.
- 25 **“ecologically sustainable forest management principles”** includes maintenance of water and soil quality, conservation of biodiversity and nutrient recycling.
- 30 **“high-value process”** means the production of sawlogs, veneer, poles, piles, girders, wood for carpentry or craft uses or oil products.

“native forest” means a local indigenous plant community:

- (a) the dominant species of which are trees; and
- 5 (b) containing throughout its growth the complement of native species and habitats normally associated with that forest type or having the potential to develop those characteristics; and
- 10 (c) including a forest with those characteristics that has been regenerated with human assistance following disturbance; and
- 15 (d) excluding a plantation of native species or previously logged native forest that has been regenerated with non-endemic native species.

“plantation” means an intensively managed stand of native or exotic species, created by the regular placement of seedlings or seed.

“regional forest agreement” has the meaning given by the *Export Control (Hardwood Wood Chips) Regulations 1996* (Cth).

”.

25 **6. Section 32 amended**

- (1) Section 32(1) is amended by inserting after “licence,” —
“ except in the case of a contravention of the licence condition in section 14A, ”.

- (2) After section 32(2) the following subsections are inserted —

30 “

- (2a) If, in the opinion of the Authority, a licensee is in contravention of section 14A, the Authority may,

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subject to section 33, order the licensee to pay a monetary penalty fixed by the Authority but not exceeding a penalty calculated using the formula:

5 \$40 x (licensee's renewable energy target for the year
in megawatt hours – amount of electricity acquired by
the entity from renewable energy sources for the year
in megawatt hours)

10 (2b) In considering the exercise of its discretion under
subsection (2a) to order a licensee to pay a monetary
penalty the Authority must have regard to:

- 15 (a) the market for bilateral contracts to be entered
into by the licensee through which the licensee
would acquire electricity from renewable
energy sources within the South West
interconnected system;
- 20 (b) the availability of electricity from renewable
energy sources for acquisition by the licensee,
other than through a bilateral contract, within
the South West interconnected system;
- 25 (c) any previous contraventions of section 14A by
the licensee;
- (d) any amount by which the licensee has exceeded
its obligations under section 14A in any
previous year; and
- (e) any other factor which the Authority considers
relevant.

”.

(3) Subsection 32(4)(b) is amended by inserting after
“subsection (2)(b)” —

30 “ or subsection (2a) ”.

7. Section 33 amended

Section 33 is amended by inserting after “or (c)” –
“ or section 32(2a) ”.

8. Section 134 added

5 After section 133 the following section is inserted –
“

134. Review of sections

- 10 (1) The Minister is to carry out a review of the operation
and effectiveness of sections 14A to 14D of this Act as
soon as is practicable after 31 December 2010.
- (2) The Minister is to prepare a report based on the review
and, as soon as is practicable, is to cause it to be laid
before each House of Parliament.

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