

## What are Renewable Energy Certificates?

Renewable Energy Certificates (RECs):

- are an electronic form of currency initiated by the *Renewable Energy (Electricity) Act 2000*;
- may be created, on the internet based registry system (known as the REC Registry), by eligible parties for each megawatt-hour of eligible renewable electricity generated or deemed to have generated;
- are created by registered persons;
- are validated by the Office of the Renewable Energy Regulator;
- are registered;
- are traded between registered persons;
- are eventually surrendered to demonstrate liability compliance against the requirements of the Australian Government's mandatory renewable energy target or voluntary surrender. More information on [Voluntary Surrender](#); and
- may be traded separately from the physical electricity in a REC market.

Each REC:

- must have its own unique code;
- must be registered by the Renewable Energy Regulator before they are considered valid; and
- remains valid until surrendered against a liability or until voluntary surrendered. For more information on [Voluntary Surrender](#).

Each unique REC code is to contain, in order:

- the registration number of the person who created the REC;
- the accreditation code of the:
  - power station that generated the electricity; or
  - solar water heater installation; or
  - small generation unit installation;
- the year in which the electricity generation or installation took place; and
- a number, in an unbroken annual sequence starting at one, which represents the eligible megawatt hour of electricity generated or displaced.

## Who is eligible for Renewable Energy Certificates?

Owners or operators of eligible renewable power stations are eligible for RECs provided the appropriate [application forms](#) are completed and the Renewable Energy Regulator accredits the renewable energy power station. For more information you can visit the [power stations page](#) of the ORER web site.

Owners of eligible solar water heater installations are eligible for RECs. However, owners of eligible solar water heater installations have the option to claim RECs themselves by completing the appropriate application forms or assign their right to claim RECs to an agent. For more information you can visit the Householders – [solar water heater page](#) of the ORER web site.

Owners of eligible small generation unit installations are eligible for RECs. Small generation unit installations include the following technologies:

- photovoltaic systems;
- wind systems;
- small hydro electric systems.

Owners of eligible small generation unit installations also have the option to claim RECs themselves by completing the appropriate application forms or assign their right to claim RECs to an agent. For more information you can visit the Householders – [small generation unit page](#) of the ORER web site.

## **Is my new SWH eligible and how many RECs is it entitled to?**

The installation of a SWH may be eligible for RECs under the MRET, provided that the model is listed in the [Register of Solar Water Heaters](#) and certain other conditions are met.

To help you determine whether or not your new SWH is eligible for RECs refer to [Determining Eligibility and Renewable Energy Certificate \(REC\) Entitlement for Solar Water Heater and Heat Pump Water Heater Installations](#).

The Register of Solar Water Heaters contains as many models as the manufacturers choose to have included. Sometimes the quickest way to find out how many RECs your SWH installation is eligible for is to contact the manufacturer, or by contacting the ORER via e-mail at [orer@orer.gov.au](mailto:orer@orer.gov.au) or via telephone on 02 6274 2192.

## **Claiming Renewable Energy Certificates?**

To claim RECs you must be:

- eligible for RECs from an eligible fuel source. Only accredited renewable energy power stations, eligible solar water heater installations or small generation unit installations are eligible to claim RECs; and
- a registered person, as required under the *Renewable Energy (Electricity) Act 2000*, or have assigned your right to claim RECs to an agent. Registered persons are individuals or companies that have access to the REC registry to create, transfer and surrender RECs. Once registered you will be given a username and password to access your REC registry account.

## **Renewable Energy Certificate Prices**

Whether you claim RECs electronically in the REC registry or assign your right to create RECs to an agent, you are responsible for negotiating a price for those RECs as the Office of the Renewable Energy Regulator is not responsible for monitoring or setting REC prices.

You should contact several companies who trade in RECs before agreeing to a price for your RECs. The Office of the Renewable Energy Regulator has a [list of agents](#) that trade in solar

water heater and small generation unit RECs. However, the Office of the Renewable Energy Regulator does not recommend anyone listed on this list. Alternatively you can visit the REC registry and search for all registered persons, as these registered persons may trade in RECs.

## Creating Renewable Energy Certificates

If you are a registered person and are eligible to claim RECs you will need access to your REC registry account, using your username and password, to create your REC claim in the REC registry.

Before finalising your electronic request to create RECs for eligible renewable electricity generation or installations of solar water heaters or small generation units, you will be asked to confirm and declare that all of the details for the REC creation request are correct.

Once the REC creation request has been made, the REC-registry will perform a number of automatic checks. The Office of the Renewable Energy Regulator will then conduct manual checks, or desk audits, of the REC creation information.

If the Office of the Renewable Energy Regulator is satisfied that the RECs have been created correctly, the RECs will be validated.

If the Office of the Renewable Energy Regulator discovers fraudulent REC creation behavior the Office of the Renewable Energy Regulator can seek to prosecute the registered person concerned or apply financial penalties to parties that accidentally or deliberately create invalid RECs.

Registered persons should note that the Office of the Renewable Energy Regulator can and does conduct physical audits of registered persons to establish whether RECs have been created in accordance with the *Renewable Energy (Electricity) Act 2000*.

## Registering RECs

If the Office of the Renewable Energy Regulator is satisfied that the RECs have been created correctly and the RECs are validated you will need to register the RECs that have been created and validated.

To register RECs you need to pay an 8 cent registration fee, as required under section 26 of the *Renewable Energy (Electricity) Act 2000* (the Act). The 8 cent registration fee is a cost recovery mechanism for providing the REC registry service and also helps to provide improvements to the current service.

To pay the registration fee you will need to log into the REC registry, using your username and password, and render the registration fee item to an invoice and pay the invoice through the REC-registry. Information on invoice payment methods and processes are available through the REC-registry help pages or by contacting the REC-registry helpdesk on 1800 159 724.

Once the payment has been received and the invoice settled your RECs will be registered. Once registered RECs can be traded or surrendered to the Office of the Renewable Energy Regulator to discharge a liability under the Act.

## **Transferring Renewable Energy Certificates**

RECs can only be traded if they are registered. RECs can only be traded in the REC registry. REC prices and contracts are maintained outside of the REC registry as the REC registry is not a trading floor for RECs. However, as required under the *Renewable Energy (Electricity) Act 2000* the Renewable Energy Regulator must be informed each time a REC has been traded.

## **Surrendering Renewable Energy Certificates**

On 14 February each year, liable parties are required to surrender a number of registered RECs equal to their liability for the previous calendar year. Liable parties surrender RECs in the REC registry between 1 January and 14 February each year.

When Office of the Renewable Energy Regulator accepts the RECs for surrender the:

- RECs are marked as invalid due to surrender and are no longer available for anyone to reuse during the life of the mandatory renewable energy target; and
- Liable parties are required to pay an 8 cent surrender fee, as required under section 44 of the *Renewable Energy (Electricity) Act 2000* (the Act). The 8 cent surrender fee is a cost recovery mechanism for providing the REC registry service and also helps to provide improvements to the current service.

To pay the surrender fee you will need to log into the REC registry, using your username and password, and render the surrender fee item to an invoice and pay the invoice through the REC-registry. Information on invoice payment methods and processes are available through the REC-registry help pages or by contacting the REC-registry helpdesk on 1800 159 724.

## **Voluntary surrender of Renewable Energy Certificates**

The *Renewable Energy (Electricity) Act 2000* (the Act) allows registered owners of renewable energy certificates (RECs) to voluntarily surrender RECs.

All registered owners of RECs can choose to voluntarily surrender RECs for any reason, for example:

- to encourage additional generation of electricity from renewable sources;
- to reduce greenhouse gas emissions; or
- to demonstrate their use of additional renewable electricity from a particular renewable energy fuel source accredited under the mandatory renewable energy target.

RECs accepted for voluntary surrender are permanently removed from the REC market and cannot be transferred to another party or be used to discharge a mandatory liability under the

Act. However, the RECs will still be seen on the REC Registry but will be marked 'Invalid due to voluntary surrender'.

## **How to voluntary surrender RECs?**

The online voluntary surrender functionality in the REC Registry was launched in September 2007. REC Registry account users with appropriate permissions are now able to offer RECs for voluntary surrender all year around.

Any individual or company is able to voluntarily surrender RECs. In order to make a voluntary surrender REC offer individuals or companies will need:

- an account in the REC Registry. Individuals or companies that do not have an account will need to visit the REC Registry and 'Apply for an Account'. All REC Registry account users receive a username and password to access their account; and
- RECs in their account. Individuals or companies can purchase RECs and have them transferred into their REC Registry account.

After these steps account users are able to make online voluntary surrender offers. After an account user offers one or more RECs for voluntary surrender the status of the RECs will change to 'Pending voluntary surrender'. The RECs are then placed in a queue pending acceptance by the ORER. The account user may choose to cancel the offer before the ORER accepts the voluntary surrender offer in which case the RECs are returned to the account as registered RECs that can be used for future transactions.

## **Accepting RECs offered for voluntary surrender**

The ORER will aim to accept 'Pending voluntary surrender' RECs within 4 weeks of the offer. RECs that are accepted for voluntary surrender are permanently removed from the REC market and have a RECs status of 'Invalid due to voluntary surrender'. RECs accepted for voluntary surrender by the ORER cannot be returned to the account for future transactions.

For technical support on the voluntary surrender REC offer functionality please contact the REC Registry helpdesk on 1800 159 724.