

Renewable Energy (Jobs and Investment) Bill 2017

Securing Victoria's renewable energy future

Legislating the

Victorian Renewable Energy Targets

The Victorian Government is committed to building a strong renewable energy industry, creating jobs, attracting investment and reducing greenhouse gas emissions.

In June 2016, the Andrews Labor Government announced Victorian Renewable Energy Targets for generation of 25 per cent by 2020 and 40 per cent by 2025 (VRET).

The Renewable Energy (Jobs and Investment) Bill 2017 will legislate the Victorian Renewable Energy Targets, demonstrating Victoria's leadership on renewable energy.

Meeting the targets will bring forward significant investment in new renewable energy projects in Victoria, create thousands of jobs, put downward pressure on electricity prices and secure Victoria's electricity supply.

Setting long-term renewable energy targets is critical to securing investment in Victoria's renewable energy industry. The certainty they provide for potential new renewable energy project proponents and supply chains will attract investment and deliver sustained benefits to the State of Victoria.

The Bill is part of a package of policy reforms designed to deliver investment and employment to Victoria, ensuring a sustainable economy for current and future generations. This package includes the *Climate Change Act 2017*, TAKE2 pledge program, the \$20 million New Energy Jobs Fund, \$25 million for energy storage projects and the recently released Renewable Energy Action Plan that is investing \$146 million to deliver a renewable, reliable and affordable energy system.

Legislative functions

The Bill will bring the Victorian Renewable Energy Targets into law, requiring that 25 per cent of electricity generated in Victoria will come from renewable energy sources by 2020 and 40 per cent by 2025.

The Bill will require the Minister for Energy, Environment and Climate Change to determine the minimum amounts of renewable energy generation capacity needed to meet the 2020 and 2025 targets.

The minimum generation capacity required to meet the 2020 target will be required to be determined by 31 December 2017. The minimum capacity needed to achieve the 2025 target will be required to be determined by 31 December 2019.

These milestones will allow the Minister for Energy, Environment and Climate Change to set accurate capacity determinations according to changes in Victoria's electricity market and policies at the Federal Government level. This will ensure the efficient and cost effective achievement of the Victorian Renewable Energy Targets.

To ensure accountability, the Minister for Energy, Environment and Climate Change will be required to report to the Victorian Parliament annually on the progress of the 2020 and 2025 targets.

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The Victorian Renewable Energy Auction Scheme

The Victorian Renewable Energy Targets will be supported by the Victorian Renewable Energy Auction Scheme (VREAS), offering long-term contracts to successful renewable energy projects.

Support offered through the VREAS is critical to attracting investment in Victorian renewable energy projects. It will harness the benefits of the global transition to renewable, affordable and reliable electricity generation.

The VREAS will be technology neutral with an allocation for solar. This is to ensure Victoria establishes a large scale solar industry and diversity of renewable energy generation.

The VREAS auction held in 2017 will deliver up to 650 megawatts (MW) of new large-scale renewable energy generating capacity to help meet Victoria's energy supply needs.

The Victorian Government will announce by 31 December 2017 how much renewable energy generation will be required to meet the 25 per cent 2020 target.

The Victorian Government will announce by 31 December 2019 how much renewable energy generation will be required to meet the 40 per cent 2025 target.

Meeting the Victorian Renewable Energy Targets

Renewable energy sources currently account for about 17 per cent of Victoria's electricity generation.

Delivering up to 650MW capacity will drive up to \$1.3 billion of additional renewable energy investment.

This initial investment will create around 1,250 additional two-year construction jobs and 90 ongoing jobs in regional Victoria.

Bringing this significant new generating capacity into the energy market is expected to reduce wholesale electricity prices for families and businesses.

New capacity brought on line before 2020 will be complementary to the Federal Government Renewable Energy Target. The VRET will also work with a future Clean Energy Target.