02 Mar 2019
AFR Weekend, Australia

Author: Angela Macdonald-Smith • Section: General News • Article Type: News Item
Audience : 46,716 • Page: 8 • Printed size: 167.00cm² • Region: National
Market: Australia • ASR: AUD 3,266 • words: 436 • Item ID: 1086480024





# Alinta leads renewable energy penalty payers

Energy

**Angela Macdonald-Smith**

Alinta Energy, Snowy Hydro, Engie and EnergyAustralia have elected to pay a collective $206 million in penalties to meet some of their 2018 liability under the Renewable Energy Target.

According to figures released by the Clean Energy Regulator on Friday, Alinta elected to pay $62 million rather than submit Large-scale Generating Certificates (LGCs) to meet most of its liability for last year.

Snowy Hydro, which owns Lumo Energy and Red Energy, and Engie, which owns Simply Energy, paid abut $50 million each, while EnergyAustralia paid about $45 million. Some junior retailers paid much smaller shortfall charges.

The Clean Energy Regulator softened its approach towards retailers' compliance with annual liabilities under the RET in October, dropping its earlier opposition to deliberate shortfalls that would be made up in later years when prices are lower. The change in stance was prompted by the signs the 2020 target would be easily exceeded and enables retailers to make a profit on meeting their obligations.

Snowy chief executive Paul Broad said last week that customers would see the benefit of the company's decision to sell LGCs rather than keep them to meet its own liability, because the sale had helped push down the cost of the certificates, which are in effect paid for on consumers' bills. It expects to make up its shortfall of LGCs for 2018 once some 888 megawatts of solar and wind power projects that it is underwriting come online in 2020-21.

Alinta said on Monday it decided to pay the shortfall charge for a third straight year as its "significant renewable energy investment strategy will take some time to be fully implemented". It also said it would "make good" on the shortfall once key projects come online and said the strategy minimises the cost of meeting the RET liability and promotes greater competition in the energy market.

In its official report on 2018 compliance with the RET, the Clean Energy Regulator said that 3.4 million LGCs had been carried forward, involving $220 million in shortfall payments.

Together with previous years' shortfall charges, the total for paid shortfalls is now $458 million, it said. The funds can be returned if the shortfalls are made up within three years, it added, noting that given lower forward prices for LGCs it expects all the shortfall to be redeemed in future years.

"As long as short-term prices remain higher than longer-term prices, deferral of liability through shortfall may continue," the regulator said.

Some 86.1 per cent of the LGC liability last year was met with the surrender of certificates, each of which represents 1 megawatt-hour of renewable energy generation.