



## **FACT SHEET**

# **INFORMATION FOR APPLICANTS WHO INTEND TO APPLY FOR ACCREDITATION OF A POWER STATION**

Version 2 as updated in March 2009

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### **Registration**

Before applying for accreditation of a power station, the power station's owner will first need to become a registered person under the provisions of the legislation. A registration form is available from the Forms page of the Office of the Renewable Energy Regulator (ORER) website. A registration fee of \$20 must be paid for processing a registration application.

If the Renewable Energy Regulator (Regulator) approves an application for registration, the applicant will be allocated a unique registration number. A person can only be registered once but, once registered, can apply for the accreditation of a number of power stations.

### **Accreditation**

A registered person will need to seek accreditation of a power station by completing the Application for Accreditation of a Power Station form, approved by the Regulator, before Renewable Energy Certificates (RECs) can be created for any eligible electricity generation. RECs are created through an internet based registry system, known as the REC-registry. The Application for Accreditation of a Power Station form is available from the Forms page of the ORER website and must be submitted to the ORER for assessment. Applicants should note that:

- the ORER has developed explanatory notes explaining the types of information required by the ORER to assess applications; and

- separate Application for Accreditation of a Power Station forms are required if seeking accreditation for multiple power stations, as each power station is assessed separately based on its own merits.

A fee applies to the power station accreditation process which can vary depending on the complexity of the accreditation and the size of the power station. Application fees range from \$50 for a small power station with a default or nil baseline to \$3,000 for a power station greater than 25MW in size requiring modelling to determine a special baseline.

If accredited, the accredited power station will be assigned a unique identification code by the Regulator. The code will form part of the information contained in each REC created by the registered person in the REC-registry under the Mandatory Renewable Energy Target (MRET). This means that each REC is identifiable and traceable to an individual power station or REC owner.

### **Eligible Renewable Energy Sources**

Electricity generated from a number of renewable energy sources may be eligible for RECs. A full list of eligible renewable energy sources is included in Section 17 of the *Renewable Energy (Electricity) Act 2000* (the Act) and guidance on the eligibility of a number of fuel sources is included in the *Renewable Energy (Electricity) Regulations 2001* (the regulations).

In addition, electricity generated from the following sources may also be eligible, where the source meets the specified eligibility criteria:

- the renewable output of co-firing; and
- fuel cells using a renewable fuel source.

Electricity generated from the following fuel sources is not eligible for RECs:

- fossil fuels or waste products derived from fossil fuels; or
- coal seam methane gas, waste coal mine gas or other products derived from coal or natural gas.

However, co-firing power stations that are accredited for renewable energy generation can still use these fuels to create electricity, as long as no RECs are created in respect of the fossil fuel generation.

For more information about REC creation you can view the Sample Power Station REC Validation Questions guideline found on the Publications page of the ORER website .

## **Power Station Boundaries and Components**

Guidelines are contained in Schedule 1 of the regulations, which is not exhaustive and additional components may be considered, by the Regulator, to be part of the power station. Below are general principles which can assist you in determining power station boundaries and components prior to lodging your power station accreditation application.

A power station will generally be taken to be any system which operates to transform primary energy into electricity; including any infrastructure (such as buildings, fuel storage areas, fuel handling devices, on site fuel process, information technology, instrumentation and controls) which is integral to the performance of the power station and the generation of electricity. In the case of multiple parties owning different components of a power station, all of the equipment required by the power station to generate electricity will be considered to be part of a single power station, regardless of the ownership of the components.

Where the power station has a supplementary power supply (such as a diesel generator for back-up) or requires machinery which is external to the site to be operated in order to generate (such as pumps in a pump storage hydro system), the boundary of the power station will include all of the components necessary to allow for the effective operation of the power station.

## **Renewable Energy Baselines**

The Act and Regulations specify that power stations must annually generate above their 1997 eligible renewable energy baseline before RECs can be created using the formula specified under regulation 14. Baselines for individual power stations are determined and set as part of the power station accreditation process.

If a power station is accredited with a renewable energy baseline of zero then all of the eligible renewable energy delivered to a wholesale purchase point or equivalent point of use is eligible for RECs.

Existing power stations operating prior to 1 January 1997 will be accredited with a renewable energy baseline. The baseline determined will generally be the average of the electricity generated in the three years prior to 1997. This is termed as the default baseline. If the power station in 1994, 1995 and 1996:

- did not generate electricity continuously;
- started generating electricity; or
- increased the generation capacity in that period;

the Regulator may extrapolate or model the generation output of the power station to determine the renewable energy baseline. The Regulator can determine a special baseline in a manner different from the default baseline calculation, where the electricity generation is affected by factors such as:

- seasonal variations;
- major changes to infrastructure;
- demand constraints; and
- other factors as listed under Schedule 3 of the regulations.

### **Formula used to calculate REC eligibility**

RECs can only be created by accredited renewable energy power stations for electricity delivered to the wholesale purchase points or an equivalent point of use and for electricity generated above the power station's renewable energy baseline.

A general formula has been developed to describe the point at which eligible electricity must be measured:

The amount of electricity generated above the baseline for a year (in whole MWh) (ie REC eligibility) equals

$$\mathbf{TLEG - FSL - AUX - [(DLEG) \times (1 - (MLF))]$$

### ***TLEG***

TLEG is the amount of electricity in MWh generated at the generator terminals in the year.

## ***FSL***

Power stations may be using a combination of fossil fuels and renewables.

Where a mixture of renewable and fossil fuels is used to generate electricity, the fossil fuel component must be netted from the generation output, as it is not eligible for RECs.

## ***AUX***

Auxiliary losses relate to electricity consumed internally within a power station to generate electricity. This electricity use is not eligible for RECs. However, electricity consumed in a manufacturing or production process is eligible for RECs.

Where available, metered data should be used to calculate auxiliary losses. However, where metered data is not available, a proportion of the total output, which has been identified in advance, can be used.

## **DLEG and Transmission losses**

Transmission losses are to be calculated through applying the marginal loss factor (MLF) to the amount of exported electricity. The MLF is calculated for each power station by the National Electricity Market Management Company (NEMMCO) in National Electricity Market (NEM) regions. Power stations in non-NEM regions should contact their State or Territory government for this information, where available.

Valid RECs cannot be claimed for generation that is not supported by metering data of sufficient quality. Regulation 14 of the regulations outlines metering standards required for power stations in NEM and non-NEM regions.

## ***Example***

A power station with a baseline of zero generates 100 MWh of electricity. Of the 100 MWh generated:

- 45 MWh are used internally to power machinery to manufacture product;
- 5 MWh are used within the power station and therefore are considered auxiliary losses;
- 50 MWh are dispatched to the pool; and

- 5 MWh are lost in transmission (ie MLF will be 0.9 representing a 10% loss factor).

***Using the formula:***

Eligible generation = 100 MWh – 0 – 5 MWh – [50 MWh x (1 – 0.9)]

= 95 MWh – 5MWh

= 90 MWh

This power station can create 90 RECs, as each REC is equal to 1MWh. Rounding does not apply in this instance and RECs can only be created for whole megawatt hours of generation.

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For further information you can:

- visit the Publication or Power Stations page of the ORER website ([www.orer.gov.au](http://www.orer.gov.au));
- contact the ORER by email on [orer@orer.gov.au](mailto:orer@orer.gov.au)
- phone the ORER on (02) 6159 7700