



**AUDITOR GENERAL
FOR WESTERN AUSTRALIA**

Serving the Public Interest

SUMMARY OF THE PERFORMANCE EXAMINATION

**RENEWABLE ENERGY:
KNOWING WHAT WE ARE GETTING**

Report 12 – November 2007

Background

In 2005-06, approximately 26 400 gigawatt hours of electricity was generated and distributed in Western Australia. Fifty-five per cent of this – around 14 400 gigawatt hours – was generated and distributed on the South West Interconnected System (the ‘South West Grid’) which supplies electricity to household and commercial users in the heavily populated south west corner of the State.

Currently, electricity from renewable sources makes up a relatively small proportion of the total electricity generated on the South West Grid, new targets aim to increase this proportion. Research into the marketing of renewable energy tells us that consumer confidence in ‘getting what you pay for’ and trust in providers of renewable energy are important factors in its growth and acceptance.

Our examination focused on determining if Western Australians can be confident that renewable energy bought and sold by State Government agencies is electricity from renewable sources and, is properly accounted for. We also examined:

- whether the GreenPower program is increasing the supply of renewable energy in Western Australia
- the basis of the State Government’s renewable energy targets, and whether they are realistic, measurable, and auditable.

We examined the State Government’s agencies and businesses involved in buying and selling renewable energy.

What the examination found...

- The public can have confidence that certified renewable energy, that is energy that is certified with Renewable Energy Certificates through the Mandatory Renewable Energy Target and GreenPower programs, comes from renewable sources.

- Since 2001-02, electricity generated by accredited renewable sources on the South West Grid has increased from one per cent of total energy generated to five per cent at June 2007. The mandatory target and GreenPower programs have contributed to this increase.
- The Western Australian Government is on track to meet its target for six per cent of all energy on the South West Grid to be from renewable sources by 2010. The 2020 target for 15 per cent of all energy on the South West Grid to be from renewable sources would also be met if new renewable energy generating plants under construction or on the drawing board proceed.
- Sales of GreenPower to both commercial and residential customers are disproportionately lower than in other states. For instance, only one in every 164 Western Australian households was buying GreenPower at 30 June 2007, compared with rates of between one in nine and one in 17 in other states. The Office of Energy and Synergy advise, and independent research indicates, that the low sales are likely to be due to lack of marketing activity and consequent lack of awareness and confusion about GreenPower products on the part of consumers.
- Western Australian generators are likely to be able to produce enough GreenPower in 2010 to meet the Government's intention to purchase 20 per cent of its requirements from renewable energy sources. While some retailers may need to buy from interstate to meet their own mandatory target, Office of Energy information indicates that the state as a whole should generate enough renewable energy to enable the Government to meet its purchasing target.
- Large electricity consumers may use individual contracts to buy electricity equivalent to the output of a particular generator. In the case of the Kwinana Desalination Plant, the Water Corporation is buying electricity from Synergy equivalent to 69 per cent of the output of the Emu Downs Wind Farm. Renewable Energy Certificates are not part of this transaction.

What the examination recommended...

Government agencies should ensure that they:

- educate consumers about renewable energy
- are transparent about what people are paying for
- report regularly against their renewable energy targets.

A copy of the report can be accessed at www.audit.wa.gov.au/
For further information contact by email: info@audit.wa.gov.au