

Renewable Energy Target scheme

The Renewable Energy Target (RET) scheme encourages renewable electricity generation. It aims to reduce greenhouse gas emissions from the electricity sector.

The RET comprises 2 schemes.

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Large-scale Renewable Energy Target

The Large-scale Renewable Energy Target (LRET) incentivises investment in renewable energy power stations such as:

- wind and solar farms
- hydro-electric power stations.

These power stations can create large-scale generation certificates (LGCs) for the eligible renewable electricity they produce. They can sell LGCs to liable entities (mainly electricity retailers) or companies who want to demonstrate renewable energy use for voluntary purposes.

Liable entities must purchase a certain percentage of electricity from renewable sources each year. They comply with this by buying LGCs and surrendering them to the Clean Energy Regulator.

The LRET aims to deliver 33,000 gigawatt hours of extra renewable electricity each year.

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Small-scale Renewable Energy Scheme

The Small-scale Renewable Energy Scheme (SRES) incentivises households and businesses to install small-scale renewable energy systems. These include:

- rooftop solar panels
- solar water heaters
- small-scale wind or hydro systems.

System owners can create small-scale technology certificates (STCs) when an eligible system is installed.

If you have a system installed, you can benefit from STCs by:

- creating and selling STCs to liable entities (mainly electricity retailers)
- assigning your right to create and sell STCs to the company who installs your system in exchange for a lowered price.

Liable entities must surrender STCs to the Regulator each year. This creates demand for STCs.

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Reforms to the SRES

The Australian Government [amended the Small-scale Renewable Energy Scheme \(SRES\) regulations in 2021](#) (/about/news/amendments-to-rooftop-solar-pv-regulations). This was in response to the [Regulator's review into the rooftop solar photovoltaic \(PV\) sector](#) (<http://www.cleanenergyregulator.gov.au/RET/Pages/About%20the%20Renewable%20Energy%20Target/Rooftop-Solar-Sector-Review.aspx>) .

The changes aim to better protect consumers and improve the integrity of the sector.

See how we [consulted on the draft amendments on our Consultation hub](#) (<https://consult.industry.gov.au/small-scale-renewable-energy-scheme>) .

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Emissions-intensive trade-exposed activities under the RET

Activities that meet emissions-intensive and trade-exposed (EITE) criteria are eligible for exemption under the RET to reduce costs and support competitiveness.

Companies performing EITE activities may apply for an exemption certificate. They can give the certificate to liable entities to negotiate a discounted electricity rate. This gives liable entities an exemption from surrendering LGCs or STCs for electricity used in EITE activities.

The [Renewable Energy \(Electricity\) Regulations 2001](#) (<https://www.legislation.gov.au/Series/F2001B00053>) outlines EITE activities.

The [Emissions-Intensive Trade-Exposed Activity Boundaries](#) (/energy/publications/emissions-intensive-trade-exposed-activity-boundaries) instrument gives guidance on EITE activity boundaries.

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Responsibility for the RET

Our department provides policy advice and implementation support for the RET scheme.

The Regulator oversees the operation of the RET scheme in line with the RET legislation:

- [Renewable Energy \(Electricity\) Act 2000](#) (<https://www.legislation.gov.au/Series/C2004A00767>)
- [Renewable Energy \(Electricity\) \(Small-scale Technology Shortfall Charge\) Act 2010](#) (<https://www.legislation.gov.au/Series/C2010A00071>)
- [Renewable Energy \(Electricity\) \(Large-scale Generation Shortfall Charge\) Act 2000](#) (<https://www.legislation.gov.au/Series/C2004A00722>)
- [Renewable Energy \(Electricity\) Regulations 2001](#) (<https://www.legislation.gov.au/Series/F2001B00053>)

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Read more

- View the [Regulator's website](#) (<https://cer.gov.au/schemes/renewable-energy-target>) .
- Read about [Australia's climate change strategies](#) (/climate-change/strategies).

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See also

- The [Emissions Reduction Fund](/climate-change/emissions-reduction/emissions-reduction-fund) (/climate-change/emissions-reduction/emissions-reduction-fund) incentivises Australian businesses to cut the amount of greenhouse gases they create.
- See how we [regulate offshore renewable energy](/energy/renewable/establishing-offshore-infrastructure) (/energy/renewable/establishing-offshore-infrastructure).