

THE HON GREG COMBET AM MP
Minister for Climate Change and Energy Efficiency

GC 55/10

1 December 2010

MEDIA RELEASE

SOLAR CREDITS AMENDMENTS

The Minister for Climate Change and Energy Efficiency, Greg Combet today announced amendments to Solar Credits that will ensure that households continue to contribute to the cost of installing solar systems and pressure on electricity prices is eased.

Under the Solar Credits amendments, support for household solar installations will begin to be phased out a year earlier than previously planned. This follows extensive industry consultation with the clean energy sector and energy utilities on draft regulations targeted at ensuring that solar systems are not provided for little or no out-of-pocket expense.

Mr Combet said the Solar Credits multiplier would be reduced from 1 July 2011 in recognition of significant reductions in the cost of solar panels.

“The cost to install solar panels has reduced substantially since the Solar Credits mechanism was first announced in December 2008, driven by a strong economy, a high dollar and falling technology costs,” Mr Combet said.

“In this time, demand for solar installations has also increased rapidly, as the out-of-pocket cost to households has dropped and generous State and Territory feed-in tariffs have provided additional support to households. As a result, the phase out of the Solar Credits multiplier will be brought forward by one year, from:

- 5 to 4 on 1 July 2011;
- 4 to 3 on 1 July 2012;
- 3 to 2 on 1 July 2013; and,
- 2 to 1 from 1 July 2014.

“This reflects the original intention to phase out the multiplier at a steady rate, as the cost of installing solar systems is expected to decline further over time.

“This change has allowed the Government to reduce the proportion of renewable energy certificates that electricity retailers are required to purchase from small-scale systems.

The Government intends to set this at 14.8 per cent for 2011, and this is expected to save the average household around \$12 in electricity costs in 2011 compared to not reducing the multiplier.”

The Solar Credits scheme provides support to households, businesses and community groups that install solar panels, wind and hydro electricity systems by multiplying the number of Renewable Energy Certificates (RECs) created by these systems. Solar Credits applies to the first 1.5 kilowatts (kW) of capacity installed for systems connected to a main electricity grid and up to the first 20 kW of capacity for off-grid systems. The support is provided at the time households need it most, when they pay the upfront costs of installation.

“The Government has always emphasised the importance of households bearing some of the cost of installing solar systems,” Mr Combet said.

“For this reason, the Government moved amendments to the Renewable Energy Target (RET) legislation in June 2010 to enable these changes to the Solar Credits scheme. These amendments were supported by the Coalition and the Greens.

“Householders will continue to receive support through Solar Credits equivalent to more than half the upfront out-of-pocket costs for a typical 1.5 kW PV system. For systems installed after 1 July 2011 with the multiplier reduced from five to four, support for a 1.5 kilowatt (kW) system in Sydney, Brisbane, Perth or Adelaide, would be reduced from about \$6,200 to about \$5,000.

“Systems installed before 1 July 2011 will not be impacted by the changes, allowing industry and households time to adjust.

“Taking into account industry feedback, the \$40 small-scale certificate price will remain unchanged and the Regulator will not be given the power to further reduce Solar Credits support, providing greater certainty to the solar panel and solar hot water industry.

“The Government is committed to encouraging the development of solar energy as part of our clean energy future.

“Solar energy, and large-scale solar in particular, with appropriate Government support could play a major role in Australia’s future energy mix.

“This is why the Gillard Labor Government has put in place significant commitments to the research, development and deployment of solar technology and large-scale solar projects, such as through the \$5.1 billion Clean Energy Initiative, including the Solar Flagships Program, the Australian Centre for Renewable Energy, the Renewable Energy Venture Capital Fund and the Australian Solar Institute.”

For more information about the amendments to Solar Credits please go to www.climatechange.gov.au

Media contact:

Tim Fitzsimmons on 0447 202 469 or Gia Hayne on 0412 060 406