



## Policy costing

Home Battery Incentive Scheme	
Person/party requesting the costing:	Dr Helen Haines MP, Member for Indi
Date costing completed:	8 March 2023
Expiry date of the costing:	Release of the next economic and fiscal outlook report.
Status at time of request:	Submitted outside the caretaker period
	<input checked="" type="checkbox"/> Confidential – <i>Authorised for public release on 27 March 2023</i> <input type="checkbox"/> Not confidential
<p>Summary of proposal:</p> <p>The proposal would amend the <i>Renewable Energy (Electricity) Act 2000</i> (the Act) to add home batteries as an eligible technology to earn Small-scale Technology Certificates (STCs) through the Small-scale Renewable Energy Scheme from 1 July 2023.</p> <p>In addition, the proposal would extend the “deeming rate” – the period for which a technology can earn STCs – out to a set period of 15 years for home batteries; then, from 2025, the time between installation and when the scheme ends (2040).</p> <p>The changes to deeming rates only apply to home batteries, and no other changes to the Act are proposed.</p>	

## Costing overview

The proposal would decrease the fiscal and underlying cash balances by \$3.6 million over the 2022-23 October Budget forward estimates period, attributed to an increase in departmental expenses.

The proposal would have an ongoing impact beyond the 2022-23 October Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is at Attachment A.

This costing does not include any impact on administered revenue or expenses for the reasons below.

- Liable entities under the Renewable Energy Target Scheme must surrender certificates to the Clean Energy Regulator, but the surrender of certificates is not a monetary transaction.
- The number of certificates that liable entities must surrender would not be affected by this proposal, meaning that demand for certificates should remain unchanged.
- Goods and services tax (GST) is levied on the price of eligible technologies before discounts are applied, so the proposal would not affect the amount of GST collected on each unit.

Departmental expenses reflect the costs of implementing the proposal, enforcing compliance, and communicating changes to stakeholders.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-	-2.4	-0.6	-0.6	-3.6
Underlying cash balance	-	-2.4	-0.6	-0.6	-3.6

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in this table.

- Indicates nil.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The proposal would not significantly affect the amount of GST collected for home battery purchases.

## Methodology

Departmental expenses were estimated based on similar measures costed by the PBO, informed by the estimates in the explanatory memorandum to the Renewable Energy (Electricity) Bill 2000 (which were scaled by the change in the CPI between 2000 and 2023).

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

## Data sources

Parliament of Australia, 2000. *Renewable Energy (Electricity) Bill 2000*. [Online] accessed 28 February 2023 at: [https://www.aph.gov.au/Parliamentary\\_Business/Bills\\_Legislation/Bills\\_Search\\_Results/Result?bld=r1085](https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r1085)

Clean Energy Regulator, 2017. *Buying and selling small-scale technology certificates*. [Online] accessed 1 March 2023 at: <http://www.cleanenergyregulator.gov.au/RET/Scheme-participants-and-industry/Agents-and-installers/Small-scale-technology-certificates/Buying-and-selling-small-scale-technology-certificates>

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Clean Energy Regulator, 2022. *Liable entities*. [Online] accessed 1 March 2023 at: <http://www.cleanenergyregulator.gov.au/RET/Scheme-participants-and-industry/Renewable-Energy-Target-liable-entities>

Clean Energy Regulator, 2022. *Scheme participants and industry*. [Online] accessed 1 March 2023 at: <http://www.cleanenergyregulator.gov.au/RET/Scheme-participants-and-industry>

<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

Australian Bureau of Statistics, 2023. *Consumer Price Index, Australia*. [Online] accessed 28 February 2023 at: <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

Federal Register of Legislation, 2023. *Renewable Energy (Electricity) Amendment (Small-Scale Renewable Energy Scheme Reforms and Other Measures) Regulations 2021*. [Online] accessed 6 March 2023 at: <http://www.legislation.gov.au/Details/F2021L01828>

## Attachment A – Home Battery Incentive Scheme – financial implications

**Table A1: Home Battery Incentive Scheme – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Departmental</b>													
<i>Clean Energy Regulator</i>	-	-2.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-3.6	-7.8
<b>Total – departmental</b>	-	-2.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-3.6	-7.8
<b>Total – expenses</b>	-	-2.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-3.6	-7.8
<b>Total (excluding PDI)</b>	-	-2.4	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-3.6	-7.8

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

(b) PDI impacts are not included in this table.

- Indicates nil.

**Table A2: Home Battery Incentive Scheme – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Fiscal balance</b>	-	-	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.2	-1.9
<b>Underlying cash balance</b>	-	-	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.2	-1.9

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

.. Not zero but rounded to zero.

- Indicates nil.

<sup>2</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au/online-budget-glossary)