

Senate Finance and Public Administration Legislation Committee
ANSWER TO QUESTION ON NOTICE
Prime Minister and Cabinet Portfolio
Department of Climate Change
Budget Estimates Hearing–May 2009

Written question reference: CC28a-d

Outcome/Output: Outcome 1, Output Group 1.1 – Response to climate change

Topic: Solar Credits

Hansard Page: Not relevant for written QoN

Question: (Senator Birmingham)

- a) What is the current market price for renewable energy certificates? If a person bought a solar PV system under the new Solar Credits program, would they receive that amount in pocket?
- b) What is the difference between the price paid to the solar supplier and what the householder gets in their pocket?
- c) Which figure did the Government use when it said that people buying a PV system would gain \$7,500? Is it misleading to use the figure paid to solar companies and not what the householder would actually receive in his or her pocket?
- d) When will the first application for, or granting of, Renewable Energy Certificates under the new household solar PV incentive system be accepted or made?

Answer:

- a) Price data for Renewable Energy Certificates (RECs) from the Australian Financial Markets Association shows a spot price at 29 May of \$49.75.

No. REC prices fluctuate according to supply and demand. The exact level of financial benefit provided to individuals will depend on a number of factors, including the prevailing REC price, the location and size of the system, and the commercial arrangements between the system purchaser and supplier.

- b) It is not possible to specify the difference between the price paid to the solar supplier and the amount the householder receives. The exact level of financial benefit provided to individuals will depend on the commercial arrangement between the system purchaser and supplier. Households considering installing solar photovoltaic (PV) systems are encouraged to shop around for the best deal on their solar PV system.

Installers of solar PV systems usually offer a discount on the price of installing a solar PV system in return for RECs. Alternatively, owners may choose to obtain the RECs relating to the installation of their system directly from the Office of the Renewable Energy Regulator (ORER) and sell them into the market (usually through a trader).

- c) In its announcement on Solar Credits on 17 December 2008, the Government indicated that Solar Credits will act as an upfront capital subsidy worth around \$7,500 for purchasers of solar PV systems. This was based on the then current REC price of \$48. For a 1.5 kilowatt system Solar Credits would deliver \$7,440 (or around \$7,500) in most capital cities. No, it is not misleading. See answer to part (b) above.
- d) The intention is for Solar Credits be provided to people who have installed a new solar PV system from 9 June 2009.

Assuming eventual passage, the RET legislation will ensure that eligible systems installed from 9 June 2009 are entitled to Solar Credits. This date will apply irrespective of when the legislation passes through Parliament. Once the RET scheme legislation passes through Parliament and required regulations come into force (a few weeks after the passage of the legislation), the Office of the Renewable Energy Regulator will be able to provide the Solar Credits to applicants, giving legislative certainty to people receiving this benefit.