



## Fact Sheet

# Solar Credits for small generation units

## The Renewable Energy Target

The Australian Government is supporting the deployment of more renewable energy throughout Australia with the Renewable Energy Target (RET) scheme. The RET scheme will help ensure that the equivalent of at least 20 per cent of Australia's electricity supply comes from renewable sources by 2020.

The RET uses a mechanism of tradeable renewable energy certificates which are created by eligible sources of renewable energy.

The RET scheme operates as two separate parts:

- the Large-scale Renewable Energy Target (LRET), which supports the deployment of renewable energy projects like wind farms, and commercial solar and geothermal power stations; and
- the Small-scale Renewable Energy Scheme (SRES), which provides support for installations of small renewable energy systems such as rooftop solar panels and solar water heaters.

## Solar Credits

Solar Credits provide additional support to households, businesses and community groups that install small renewable energy generation units, such as rooftop solar panels, and small-scale wind and hydro electricity systems.

Solar Credits apply 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.

Solar Credits work by multiplying the number of certificates, called small-scale technology certificates (STCs), that these systems would generally be eligible to create under the standard deeming arrangements. The level of support in terms of the number of STCs received via Solar Credits will be determined by the date the system is installed.

The multiplier that applies for eligible system installations up to 30 June 2011 is five. The Solar Credits multiplier reduces over time, reflecting reductions in technology costs.

The Government has recently announced changes to the Solar Credits multiplier which will apply from 1 July 2011. The schedule of multipliers which determines the additional STCs an eligible small generation unit could create is outlined in the following table.

## Schedule of Solar Credits multipliers

Date installed	9 June 2009 – 30 June 2011	1 July 2011 - 30 June 2012	1 July 2012 - 30 June 2013	From 1 July 2013 onwards
Multiplier	5	3	2	No multiplier (1)

For systems installed from 1 July 2011 to 30 June 2012, the multiplier is reduced to three and reduces by one each financial year until the standard rate of STC creation (a multiplier of one) applies for systems installed from 1 July 2013.

## Level of support

The level of support available under the RET for installations of solar panels, and small-scale wind or hydro electricity systems depends on the amount of renewable energy it generates and the location where it is installed.

The table below provides approximate maximum rates of assistance that would be provided under the SRES for a typical 1.5kW solar panel system installed across Australia up until 30 June 2012. The assistance is based on a \$40 STC price under the SRES accessible through the voluntary clearing house, with different Solar Credits support depending on the date of installation. Note that the majority of STCs from Solar Credits are sold on the market outside the clearing house, generally at a lower price.

City	Approximate maximum level of support		
	5x Solar Credits multiplier (systems installed up to 30 June 2011)	4x Solar Credits multiplier available under transitional arrangements for pre 5 May 2011 contracts (systems installed from 1 July 2011 to 30 June 2012)	3x Solar Credits multiplier (systems installed from 1 July 2011 to 30 June 2012)
Adelaide	\$6,200 (155 STCs)	\$4,960 (124 STCs)	\$3,720 (93 STCs)
Brisbane	\$6,200 (155 STCs)	\$4,960 (124 STCs)	\$3,720 (93 STCs)
Canberra	\$6,200 (155 STCs)	\$4,960 (124 STCs)	\$3,720 (93 STCs)
Darwin	\$6,880 (172 STCs)	\$5,520 (138 STCs)	\$4,120 (103 STCs)
Hobart	\$5,320 (133 STCs)	\$4,240 (106 STCs)	\$3,160 (79 STCs)
Melbourne	\$5,320 (133 STCs)	\$4,240 (106 STCs)	\$3,160 (79 STCs)
Perth	\$6,200 (155 STCs)	\$4,960 (124 STCs)	\$3,720 (93 STCs)
Sydney	\$6,200 (155 STCs)	\$4,960 (124 STCs)	\$3,720 (93 STCs)

While it is possible for owners of renewable energy systems to create and sell the STCs themselves, in practice, installers of these systems usually offer a discount on the price of an installation, or a cash payment, in return for the certificates. Householders considering installing small-scale renewable energy systems are encouraged to shop around for the best deal.

## *Transitional Arrangements*

The Government intends to put in place transitional arrangements in regulations to recognise written contracts entered into prior to 5 May 2011, for system installation from 1 July 2011 to 30 June 2012, where the contract was made on the basis of the previous multiplier of four, but only where a number of conditions have been met.

It is the Government's intention that regulations to give effect to the reduction in the Solar Credits multiplier, including the transitional arrangements, will be made prior to the end of June 2011.

It is anticipated that the transitional arrangements would specify that, as a minimum, for a person to be entitled to create STCs for the small generation unit (SGU) such as a rooftop solar photovoltaic (PV) system under the proposed transitional arrangements, he or she must:

- ensure the system complies with all existing Solar Credits eligibility criteria;
- possess a copy of the written contract executed before 5 May 2011 made on the basis of the previous multiplier of four for the installation of the system, which would include as a minimum the:
  - name and address of the supplier;
  - address at which the system was installed;
  - name of system owner; and
  - brand, model number and total capacity of the solar photovoltaic panels and the inverter to be installed;
- possess documentary evidence that a monetary deposit had been paid by the owner of the system prior to 5 May 2011; and
- provide a signed Statutory Declaration to the Office of the Renewable Energy Regulator, stating that he or she has the required evidentiary documentation in their possession and will maintain these records in accordance with relevant provisions in the RET legislation.

Where a person is seeking to make an application to create STCs for a number of different installations under these transitional arrangements at one time, only one Statutory Declaration will be required, but the Declaration must clearly identify all installations relevant to the application.

The Office of the Renewable Energy Regulator undertakes investigative audits based on a risk management approach to verify applicants have met specified requirements for creation of STCs.

## *Solar Credits application*

- Under the RET scheme's deeming rules, system owners can receive STCs for the expected lifetime generation of the system in advance, in 1 or 5 year tranches. Solar PV system owners have the additional option of a single, 15-year upfront tranche.
  - To assist with administrative efficiency and for maximum upfront assistance, Solar Credits will only apply to the first tranche of STCs created. Owners choosing the single, 15-year deeming option can receive the full benefit of the support for their solar PV system at point of sale, helping with the upfront costs of installing the system.

## *Solar Credits eligibility*

- The eligibility rules are prescribed in the RET scheme regulations, administered by the Office of the Renewable Energy Regulator (ORER), [www.orer.gov.au](http://www.orer.gov.au).
- The system must be an eligible 'small generation unit'; being a solar PV system of up to 100 kilowatts (kW) capacity; a small wind turbine of up to 10kW capacity or a micro-hydro system of up to 6.4 kW capacity.
- The system must be installed at an eligible premises. Examples include houses, townhouses, residential apartments and shops.
- The system must be a new and complete unit.
- A premises that receives a grant or rebate under the Solar Homes and Communities Plan, the Renewable Remote Power Generation Program (RRPGP), or the National Solar Schools Program (NSSP) is not entitled to Solar Credits.
- No more than one system at an eligible premises (address) is entitled to Solar Credits.
- Solar Credits may only be created once for a particular installation, irrespective of whether the STCs are created for a 1-year, 5-year or 15-year deeming period.
- The system must have been installed no more than 12 months prior to the date of application for Solar Credits.

## **More information**

For more information on the RET, go to: [www.climatechange.gov.au/ret](http://www.climatechange.gov.au/ret).

For more information on actions you can take to help combat climate change, including other rebates that may be available, go to: [www.livinggreener.gov.au](http://www.livinggreener.gov.au).