



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.

From 1 January 2011, the RET scheme will operate as two separate parts:

- the Large-scale Renewable Energy Target (LRET), which will support 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 will provide support for installations of small renewable energy systems such as rooftop solar panels and solar water heaters.

Renewable energy certificates (RECs) created from power generation under the LRET from 1 January 2011 will also be referred to as large-scale generation certificates (LGCs) while certificates created for installations of small-scale renewable energy systems under the SRES from 1 January 2011 will also be referred to as small-scale technology certificates (STCs).

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 that these systems would generally be eligible to create under the standard deeming arrangements. The level of support in terms of the number of certificates received via Solar Credits will be determined by the date the system is installed.

The current multiplier that applies for eligible system installations is five. The Solar Credits multiplier reduces over time, reflecting reductions in technology costs and the role that a carbon price is expected to play in incentivising investment in renewable energy over the longer term.

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 certificates 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	1 July 2013 - 30 June 2014	From 1 July 2014 onwards
Multiplier	5	4	3	2	No multiplier (1)

For systems installed from 1 July 2011 to 30 June 2012, the multiplier is reduced to four and reduces by one each financial year until the standard rate of certificate creation (a multiplier of one) applies for systems installed from 1 July 2014.

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 indicative 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 indicative examples are based on a \$40 certificate price from the voluntary clearing house established by the Office of the Renewable Energy Regulator under the SRES, with different Solar Credits support depending on the date of installation.

City	Approximate level of support	
	5x Solar Credits multiplier (systems installed up to 30 June 2011)	4x Solar Credits multiplier (systems installed from 1 July 2011 to 30 June 2012)
Adelaide	\$6,200	\$4,960
Brisbane	\$6,200	\$4,960
Canberra	\$6,200	\$4,960
Darwin	\$6,800	\$5,440
Hobart	\$5,320	\$4,160
Melbourne	\$5,320	\$4,160
Perth	\$6,200	\$4,960
Sydney	\$6,200	\$4,960

While it is possible for owners of renewable energy systems to create and sell the certificates 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.

Solar Credits application

- Under the RET scheme's deeming rules, system owners can receive certificates for the expected lifetime generation 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 certificates 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.
- 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 certificates 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.

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.