

SOLAR CREDITS

The Australian Government is supporting the deployment of renewable energy in Australia's electricity supply through the Renewable Energy Target (RET) scheme. The RET scheme guarantees a market for additional renewable energy generation, using a mechanism of tradeable Renewable Energy Certificates known as RECs (backed by a legislative obligation).

The Australian Government has set a target to achieve a 20 per cent share of renewables in Australia's electricity mix by 2020. The Government is increasing the legislated target under the RET scheme more than four times from 9 500 gigawatt-hours in 2020 to 45 000 gigawatt-hours in 2020. The expanded RET scheme will absorb state and territory renewable energy targets into a single national scheme, and is to be implemented through amendments to the legislation that underpins the existing scheme.

The design of the RET scheme is also being changed to provide support to households and businesses for installing small-scale solar, wind and hydro electricity systems. To do this, the Government announced in December 2008 that the Solar Homes and Communities Plan would transition to "Solar Credits" under the RET scheme in mid 2009 to provide longer term certainty to the solar industry. Systems installed on or after 9 June 2009, where no application has been made up to that date for pre-approval under the Solar Homes and Communities Plan, will now receive Solar Credits under the RET scheme rather than the rebate.

Year	9 June 2009-30 June 2010	2010-12	2012-13	2013-14	2014-15	From 2015-16 onwards
Multiplier	5	5	4	3	2	No multiplier

If the system is installed between 9 June 2009 and 30 June 2012, the home owner will receive five times as many RECs as under the deeming arrangements for the existing Renewable Energy Target scheme.

The multiplier reduces to four for systems installed from 1 July 2012 to 30 June 2013 and continues to reduce each year until it has phased out to the standard multiple of 1 from 1 July 2015. The timing of the phase-out means that Solar Credits will not adversely affect reaching the 20 per cent target by 2020.

Under the existing Renewable Energy Target scheme, system owners can receive RECs for the lifetime generation of the system either upfront or over longer time periods of one, five or (in the case of solar PV systems) fifteen years (the so-called 'deeming period').

To assist with administrative efficiency and for maximum upfront assistance, the additional Solar Credits will only apply in the first time period that certificates are created for a system. This means that home owners can receive the full lifetime benefit of the solar system upfront at point of sale, helping with the upfront costs of installing the system.