Queensland Solar Bonus Scheme

Policy Guide

October, 2015

Queensland Government

This publication has been compiled by Strategic Futures, Energy Industry Policy, Department of Energy and Water Supply.

Summary

This guide provides a brief history and overview of the Queensland Solar Bonus Scheme policy and answers to frequently asked questions.

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History and overview of the Solar Bonus Scheme

Solar Bonus Scheme commencement

In 2008 the Queensland Government introduced the Solar Bonus Scheme. The scheme offered a feed-in tariff of 44 cents per kilowatt-hour (c/kWh) for all surplus electricity generated by eligible solar photovoltaic (PV) systems and exported into the electricity grid. The scheme was initially made available to residential and small business customers who consumed less than 100 megawatt-hours (MWh) per year and installed up to 30 kilowatts of grid-connected solar PV. The 44 c/kWh feed-in tariff was set up to expire on 1 July 2028.

The scheme's objectives were to make solar PV systems more affordable for Queenslanders, stimulate the solar power industry and encourage energy efficiency.

The 44 c/kWh feed-in tariff is paid by electricity distributors Energex, Ergon Energy and Essential Energy, and is credited to the solar PV customer's electricity bill by their electricity retailer. The costs incurred by the distributors paying the feed-in tariff are recovered through network charges for all customers.

2011 Solar Bonus Scheme changes

In May 2011 the Queensland Government announced that the capacity of an eligible solar PV system for the 44 c/kWh feed-in tariff would be limited to 5 kilowatts and that applications were to be limited to one system per premise. This change was announced with four weeks' notice and came into effect from 7 June 2011.

These changes were made in response to evidence that some applicants were installing solar systems beyond their household requirements and aimed to curtail windfall gains under the scheme.

2012 Solar Bonus Scheme changes

On 25 June 2012 the Queensland Government announced the closure of the 44 c/kWh feed-in tariff to new customers with a two week notice period, and establishment of an 8 c/kWh mandated rate until 30 June 2014. The key changes flagged in this announcement were:

- The feed-in tariff of 44 c/kWh was closed to new applications from 9 July 2012 and replaced with an interim 8c/kWh feed-in tariff to apply until 30 June 2014.
- Approved applicants who submitted applications by 9 July 2012 were given until 30 June 2013 to install their PV systems in order to receive the 44 c/kWh feed-in-tariff.
- Legislation would be changed so that eligibility for any scheme participant would cease when the name on the electricity bill changes, such as when a property is sold or rented; an exception was put in place for name changes between spouses.
- No change to the expiration date of 1 July 2028 for the 44 c/kWh feed-in tariff for those who maintain their eligibility.
- The Queensland Competition Authority was tasked with conducting a review on a 'fair and reasonable' feed-in tariff which did not require a subsidy from Government or other electricity customers; and examining the projected costs of the scheme to 2028.

In November 2012 amendments to the *Electricity Act 1994* and *Electricity Regulation 2006* implemented the announced changes to scheme eligibility for name changes on electricity bills and the requirement to have approved systems installed by 30 June 2013.

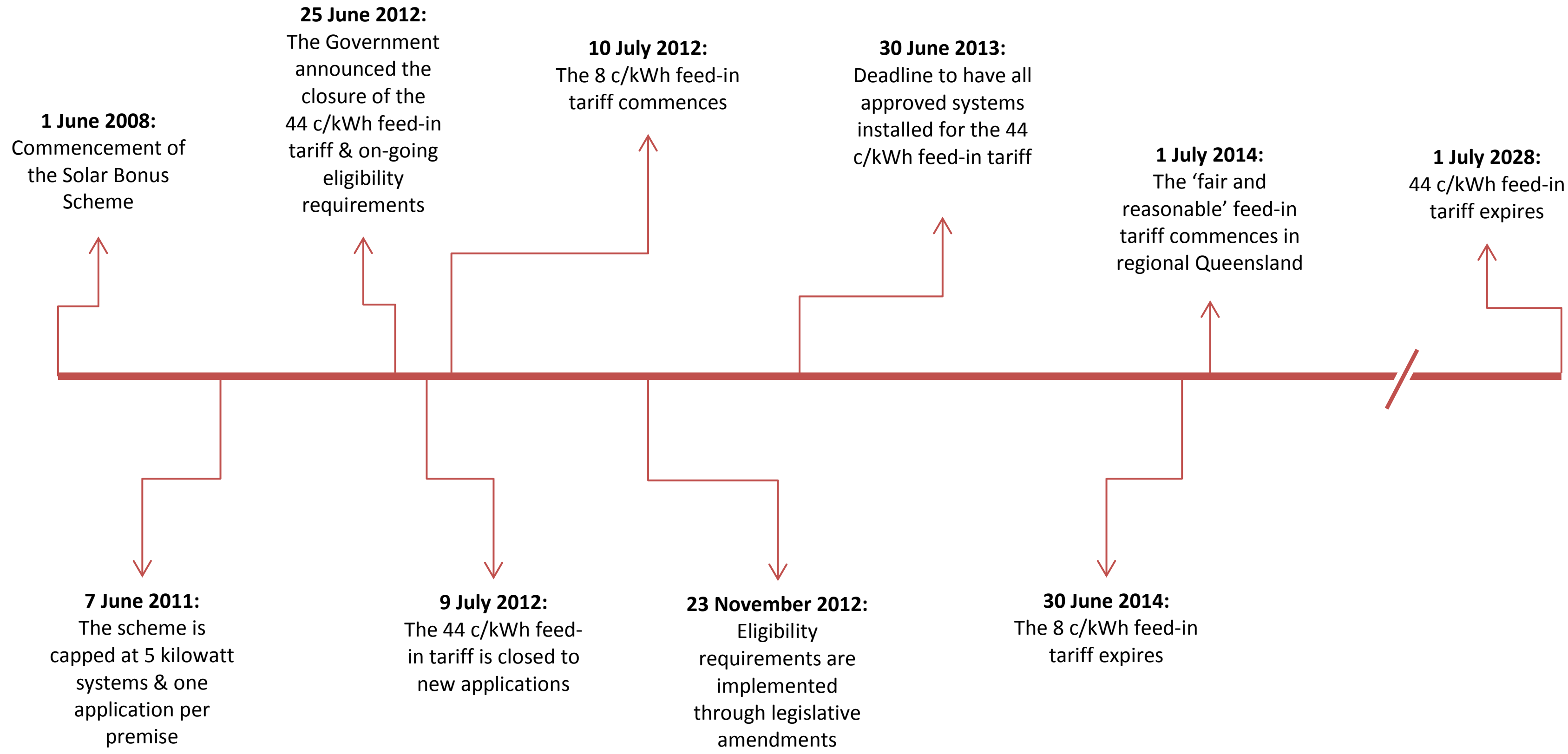
In March 2013 the Queensland Competition Authority released its final report on '*Estimating a fair and reasonable solar feed-in tariff for Queensland'* recommending that mandated feed-in tariff arrangements were required outside of south-east Queensland due to a lack of electricity retail competition (and therefore market feed-in tariff offers) in those regions. The mandated feed-in tariff was to be paid by the electricity retailing arm of Ergon Energy and would represent the benefit the retailer received from the exported solar energy, ensuring no subsidy was required from Government or other electricity customers.

2014 expiry of the 8 c/kWh feed-in tariff

The 8c/kWh interim feed-in tariff expired on 30 June 2014. Ahead of this expiry the Queensland Government announced in March 2014 the introduction of a 'fair and reasonable' feed-in tariff to be legislated for regional Queensland, in line with the Queensland Competition Authority's recommendations. The 'fair and reasonable' feed-in tariff was made available from 1 July 2014 for customers of prescribed retailers in regional Queensland with eligible solar PV systems. The feed-in-tariff rate is set annually by the Queensland Competition Authority. The prescribed retailers were Ergon Energy and Origin Energy for customers in the Essential Energy network in south west Queensland.

In south-east Queensland electricity retailers set and pay the feed-in tariffs. There is no mandated feed-in tariff available.

Solar Bonus Scheme key dates



Frequently Asked Questions on the 44 c/kWh feed-in tariff

1. How does the scheme work?

The 44 c/kWh feed-in tariff is paid for electricity fed into the grid at any instant when the solar system generates more electricity than the household or business is using. This is known as a net metered system. The electricity meter will record the amount of solar electricity exported to the grid, rather than the total amount of electricity generated by the solar system. Households still need to import electricity from the grid at times when the solar system is not generating, and this electricity is charged for in the normal way.

When the meter reader visits a customer's home or business at the end of a billing quarter, the total amount of surplus electricity exported to the grid and the total amount imported from the grid will be read and passed onto the retailer to calculate the bill.

The customer's quarterly electricity bill shows both the credit from the feed-in tariff payment and their total grid-connected electricity consumption charge. In some cases the credit may be larger than consumption charges leading to the total bill being in credit.

If the feed-in tariff payments are greater than the total electricity charges over a 12-month period, the customer is entitled to have this balance refunded by the retailer, rather than maintaining an ongoing credit. Some retailers may be willing to pay out a credit more regularly.

2. Who is eligible for the feed-in tariff?

Under the *Electricity Act 1994*, Queensland household and small business customers who applied for the scheme by midnight 9 July 2012 and installed their approved solar PV system by 30 June 2013 are eligible to receive the 44 c/kWh feed-in tariff. The 44 c/kWh feed-in tariff will expire on 1 July 2028, as long as eligibility is maintained. The 44 c/kWh feed-in tariff has been closed to new customers since 10 July 2012.

3. What are the eligibility criteria for the scheme?

To maintain eligibility for the 44 c/kWh feed-in tariff rate, customers must:

- consume less than 100 MWh of electricity a year (most homes use between 4 and 8 MWh per year)
- maintain an electricity account with an electricity retailer for the premises where the solar PV system is installed
- remain the electricity account holder for the premises where the system is connected
- operate an existing solar PV system that is compliant with the network connection agreement
- have a connection agreement in place with an electricity distributor.

4. Are rental properties eligible for the scheme?

The 44 c/kWh feed-in tariff is paid to the customer that holds the electricity account for the individual premises; there is nothing preventing a rental property from receiving the feed-in tariff. If the name on the electricity account at the property changes, for example due to a change in tenant, then eligibility for the scheme would cease.

5. Can customers with a larger system maintain the feed-in tariff?

Customers with systems greater than 5 kilowatts and up to 30 kilowatts may continue to receive the 44 c/kWh feed-in tariff, providing their application was lodged prior to 8 June 2011, the system was installed by 30 June 2013 and the electricity account is maintained in the name of the eligible customer and/or the spouse of the eligible customer.

6. Can bulk metered sites receive the feed-in tariff?

Bulk metered sites such as retirement villages and unit blocks were generally unable to meet the eligibility criteria for the 44 c/kWh feed-in tariff. Bulk metered sites have electricity metered at one point of connection for a number of households. The total electricity usage at that one connection point was used to assess eligibility for the Solar Bonus Scheme. As this type of connection would likely require generation capacity greater than 5 kilowatts and/or consume more than 100 MWh per year, these types of sites were generally not eligible for the 44 c/kWh feed-in tariff.

7. Can the capacity of an eligible solar PV system be upgraded?

The total size of an inverter cannot be increased. The maximum size of an inverter is dependent upon the approval received to connect the system to the network and the size of the inverter installed.

If, for example, approval was originally obtained from the distributor for a 5 kilowatt inverter but the customer installed a smaller 3 kilowatt inverter, upgrading the inverter to 5 kilowatts at a later date would require a new application for a feed-in tariff to be lodged and the customer would lose eligibility to the 44 c/kWh feed-in tariff.

Multiple inverters are allowed up to your total approved inverter size. For example, if your total approved inverter size is 4 kilowatts, you can have two 2 kilowatt inverters.

Customers must not install a larger total inverter capacity than approved by their distributor.

The capacity of an inverter is measured using the AC power rating. Information on the capacity of inverters is available from the Clean Energy Council's Solar Accreditation website (www.solaraccreditation.com.au).

8. Can extra panels be added to an eligible solar PV system?

Customers can add more panels to their system without affecting eligibility to continue to receive the 44 c/kWh feed-in tariff. However, systems are required to be compliant with the relevant Australian Standards and the customer’s electricity distributor must be notified of the intention to add panels to their system.

9. Can components of the solar PV system be replaced?

The Solar Bonus Scheme allows like-for-like replacement of components, should a component require replacement, without affecting eligibility to the 44 c/kWh feed-in tariff. If an inverter is not available in the same size as the customer’s original inverter, a smaller inverter must be installed to remain eligible for the 44 c/kWh feed-in tariff. Customers can decrease the capacity of their inverter at any time without affecting their eligibility. However, systems are required to be compliant with the relevant Australian Standards and the customer will need to notify their electricity distributor and follow the technical requirements specified by their electricity distributor when any change to their system occurs.

10. Does the electricity account holder have to remain the same to keep the feed-in tariff?

Customers must keep the electricity account for the eligible premises in the same name as it was when eligibility criteria changed on 23 November 2012. If the name on the electricity account for the eligible premises is changed, the customer will no longer be entitled to the 44 c/kWh feed-in tariff from the date of the name change. Examples of changing a name on the electricity account include name changes arising from selling the property or renting it out to a tenant.

An exception applies if the electricity account is transferred into the name of the eligible account holder's spouse. If the name of the electricity account is changed to the spouse of the eligible account holder, the account will continue to receive the 44 c/kWh feed-in tariff. This exception applies where the eligible account holder passes away and the electricity account is transferred to the spouse. Spouse is as defined in the Acts Interpretation Act 1954, including de facto partners and civil partners.

11. Can a name be added to the electricity account?

The name of the eligible account holder's spouse can be added to the electricity account without impacting eligibility for the 44 c/kWh feed-in tariff.

Adding the name of a person who is not a spouse of the eligible account holder for the premises will result in the 44 c/kWh feed-in tariff ceasing for that existing customer. This includes where the name of the eligible customer remains on the account.

12. Can a name be removed from the electricity account?

If the electricity account is in more than one name, the customer can remove a name (spouse and non-spouse) without impacting eligibility for the 44 c/kWh feed-in tariff. Once a name is removed from an account the 44 c/kWh feed-in tariff entitlement rests solely with the remaining account holder(s). If a name is removed, adding that person back to the electricity account will result in the entitlement for the 44 c/kWh feed-in tariff ceasing. Exceptions apply if that person is a spouse of the eligible account holder.

13. Can the electricity retailer be changed?

The customer may change retailers without moving house or premises, providing the name on the electricity account does not change when the account is moved to the new retailer.

14. What happens if the electricity account is closed?

If the customer is disconnected from the network (e.g. for not paying their bill or breach of contract) or closes their account, this will result in the entitlement for the 44 c/kWh feed-in tariff ceasing as the eligibility criteria for the scheme state that an electricity account must be maintained.

15. What can be done if the feed-in tariff is removed in error?

In some circumstances the feed-in tariff may be removed in error. If this happens the customer should contact their electricity distributor. If the customer has been removed from the 44 c/kWh feed-in tariff incorrectly, the distributor will restore and backdate the feed-in tariff payments.

16. Is the scheme only for solar PV?

The 44 c/kWh feed-in tariff was for solar PV only and did not apply to excess electricity exported to the grid which was generated by other sources of renewable energy.

17. Can an eligible solar PV system be moved to another premise?

If the customer moves house and takes the solar system with them to the new house, this will result in the entitlement for the 44 c/kWh feed-in tariff ceasing.

18. Are there tax implications from receiving the feed-in tariff?

Solar Bonus Scheme payments may have implications for calculating tax liabilities or eligibility for Centrelink payments, depending on individual customer circumstances. If Solar Bonus Scheme customers have any questions in relation to how solar bonus payments or credits are treated by the Australian Taxation office (ATO) or Centrelink, the customers should contact these organisations directly or seek advice from their accountant.