Review of eligibility criteria for the NSW Solar Bonus Scheme

August 2009

On 23 June 2009, the NSW Government announced the details of its new Solar Bonus Scheme – which will commence on 1 January 2010.

The Scheme is a net feed-in tariff model. The Scheme will pay the owners of eligible solar photovoltaic (PV) systems 60 cents per kilowatt hour (kWh) for the electricity they feed into the national grid.

The objectives of the Solar Bonus Scheme are to:

- provide an additional means of support to NSW electricity customers who wish to generate renewable energy locally
- build the state's green collar jobs sector, by helping solar technology compete with non-renewable energy sources
- expand the visibility of renewable energy technologies to help motivate the whole community in responding to climate change.

At the time of announcing the Scheme, the Government indicated it would further consider whether, in addition to rooftop solar PV, other small-scale renewable energy technologies (such as micro-wind) and community-owned solar farms could be eligible for the scheme.

Consultation process

Written submissions are requested by Friday 28 August 2009. Submissions should be sent to Bronwyn Isaac at the Department of Environment, Climate Change and Water at Bronwyn.Isaac@environment.nsw.gov.au.

This background note provides guidance on issues the Government will consider, as well as the information it requires to make a decision on the eligibility criteria for the Solar Bonus Scheme.

Key issues relevant to extending eligibility

There are four key issues which need to be taken into account when considering expanding eligibility. These are:

- Benefits and costs of adding additional technologies and/or community-owned solar farms
- Suitability of the technology for use by small electricity customers
- Appropriateness of the tariff rate for other technologies
- Implications for implementation.

These issues are discussed in detail below, including the types of information that are being sought from stakeholders.

Information requested from stakeholders

Benefits and costs of including your technology in the Solar Bonus Scheme

In designing the Solar Bonus Scheme, the Government weighed up the benefits of increased rooftop solar PV installations and the costs of premium payments under the Scheme (which are expected to be passed on to all NSW electricity customers).

Information required

Information is being sought on the costs and benefits of including additional technologies and/or community owned solar farms in the Solar Bonus Scheme.

- Please provide information on any benefits to NSW from increased uptake of your technology and or development of community-owned solar farms
- Please provide information on anticipated levels of uptake of your technology and/or community owned solar farms and factors which might influence their uptake.

Suitability of technology for small customers

The Solar Bonus Scheme applies to rooftop small-scale solar PV electricity fed back to the grid. The relevant rules are that small electricity customers (consuming less than 160MWh per annum) with systems up to 10kW in size are eligible to receive payments under the Scheme.

Reasons for focus on small-scale generation are to provide support to community members wishing to generate renewable energy locally and to contain the costs of the scheme so that costs to electricity customers are kept low.

Information required

- Please provide information on whether system size and electricity consumption eligibility criteria under the Solar Bonus Scheme would be appropriate for your technology and/or community-owned solar farms
- If not, what eligibility requirements should apply - bearing in mind the reasons for the Solar Bonus Scheme's focus on small-scale generation?

Appropriateness of the Solar Bonus Scheme tariff rate of 60c/kWh

The Solar Bonus Scheme will pay people 60c/kWh for electricity fed back into the grid from rooftop solar panels. The NSW Feed-in Tariff Taskforce estimated that the payback period for a 1.5kW PV system would be reduced as a result of the Scheme to around12 years.

Options to provide an equivalent level of support for micro-renewables other than solar PV could be:

1. paying a tariff which delivers a similar payback period for other technologies as for solar PV (eg. Around 12 years for a 1.5kW system); or
2. paying the same tariff rate (cents per kWh) for any eligible technology.

An equivalent level of support for community owned solar farms would need to take into account that solar farms are likely to export all electricity generated to the grid. Under the Solar Bonus Scheme, it is estimated that on average, households which install a 1.5kW system will export around 50% of the electricity generated by the system to the grid.

In considering varying tariff rates, it will be important to ensure that the increased complexity does not create an undue administrative and implementation impact.

Information required

- What are your views on how to determine an equivalent level of support for technologies other than solar PV and/or community owned solar farms?
- To help the Government to determine the level of support which might be appropriate for your technology, please provide the following information regarding your technology relevant to NSW:
    - System size/s
    - Costs per system size
    - Generation potential per system size (and variation between regions)
    - Estimated export rate from 1.5kW system or other relevant system sizes
    - Value of other forms of government assistance available for your technology in NSW (eg Renewable Energy Certificates).

Implementation issues

In designing the Solar Bonus Scheme, the Government has sought to minimise the complexity and cost of implementing the Scheme. Relevant issues included administrative simplicity and minimising the cost of metering arrangements for rooftop solar PV.

Information required

- Are there any potential administrative or other difficulties associated with including technologies other than solar PV and/or community owned solar farms in the Solar Bonus Scheme?
- Are there any potential administrative or other difficulties associated with applying different tariff rates in the Solar Bonus Scheme?
- Will other technologies and/or community-owned solar farms require different metering than is generally used for net metering of rooftop solar PV?

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