

Energy in Victoria



Victoria's Premium Rate for Solar Power Fact Sheet

Promoting renewable energy is a pillar of Victoria's climate change strategy. The strategy also encourages more use of gas, the production of near-zero emissions from coal, using carbon capture and storage and increased energy efficiency.

To ensure solar energy is a key part of our energy future the Victorian Government has a range of initiatives including:

- encouraging small-scale applications of solar in households, small business and the community by offering a premium feed-in tariff, standard feed-in tariff, solar hot water rebates and the Solar in Schools initiative
- investing in new solar technologies to bring down their costs and make them commercial
- investing in world-first large-scale solar generation which is cementing Victoria's reputation for innovation in sustainable energy
- creating a market for large-scale solar generation through the Victorian Renewable Energy Target and support for a national emissions trading scheme and national renewable energy target

Victoria's Premium Rate for Solar Power

Victorian households with solar power systems will soon be eligible for a bonus for providing excess electricity into the State electricity grid.

The premium feed-in tariff is designed to assist Victorian households to make a contribution to tackling climate change. It offers a premium rate for excess solar power - making domestic solar photovoltaic (PV) systems more affordable.

The new tariff will offer Victorian homes generating their own solar power Australia's highest premium feed-in tariff, from the second half of 2009.

Households with small-scale solar PV systems (up to 3.2 kilowatt capacity) will receive 60 cents per kilowatt hour for any unused electricity they feed back into the power grid - almost four times the standard retail price for electricity.

The premium feed-in tariff supports the solar industry and makes it more affordable for people to play a part in tackling climate change. It also encourages people to be more energy efficient, by rewarding those who use less power.

Up to 100,000 solar-powered households across Victoria are potentially able to participate in the premium feed-in tariff program. This new scheme, coupled with

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other State and Federal government rebates, helps off-set the cost of installing solar panels so more Victorian households can directly participate in renewable energy generation and play their part in tackling climate change.

Other renewable power systems for homes and businesses (up to 100 kilowatt capacity), including wind, hydro and biomass, remain eligible for the existing standard feed-in tariff, which pays the retail rate for any excess power they supply to the electricity grid.

Premium feed-in tariff: The basics

- The premium feed-in tariff will be available for residential solar PV systems only.
- The rate received under the premium feed-in tariff scheme is 60 cents per kilowatt hour for power fed back into the grid.
- The scheme is expected to start in the second half of 2009 and will run for 15 years.
- The premium feed-in tariff scheme is net metered (that means it will apply to any energy generated that is not used by the household).
- The maximum size system that can be installed to receive the premium feed-in tariff is 3.2 kilowatts.
- The premium feed-in tariff scheme is available to households and will be restricted to a person's principal place of residence.
- The premium feed-in tariff is credited against a customer's electricity bill, by their electricity retailer, with credit accruing for a maximum of 12 months. A household installing an average sized system (1.5 kilowatt) is expected use the credits to offset its power bills within the 12 month period.
- The total capacity of systems covered under the premium feed-in tariff scheme is 100 MW – which means up to 100,000 solar-powered households across Victoria will be able to participate.
- The premium feed-in tariff will be offered by all electricity retailers who have more than 5000 customers.
- The premium feed-in tariff scheme is paid for by all Victorian electricity customers.
- Under the tariff, the payback period of a 1 kilowatt solar PV system is reduced to approximately 10 years.
- The non-household sector, PV systems larger than 3.2 kilowatts in size and other micro-renewables (up to 100 kilowatts in size) remain eligible for the standard feed-in tariff.

The net metered model: Why it's a fairer solution

The purpose of the premium feed-in tariff scheme is to assist Victorian households to make a contribution to tackling climate change. By reducing the pay-back period, the premium feed-in tariff reduces the cost barriers to installing small scale solar PV systems and encourages the continued uptake of solar PV as part of Victoria's climate change strategy.

The premium feed-in tariff scheme operates using net metering. In a net metering arrangement, the household receives a credit for the excess electricity it exports to the grid.

The net metering model is an equitable and cost effective way to achieve the scheme's objectives. This model imposes lower costs on all Victorian households, promotes energy conservation and encourages people to better manage their energy demand, especially at times of peak load such as hot summer days.

A net metered scheme is also consistent with other state-based schemes in operation in South Australia and Queensland.

Supporting Renewable Energy

In some other countries, feed-in tariffs are used as the main driver for promoting renewable energy. For instance, Germany has a number of feed-in tariffs for a range of different technologies including on-shore wind, off-shore wind, biomass and solar photovoltaic systems.

In Victoria, the main driver for investment in renewable energy is the Victorian Renewable Energy Target (VRET).

Under VRET, energy retailers will be required to purchase at least 10 per cent of their power from renewable sources by 2016. This will save around 27 million tonnes of greenhouse gas – the equivalent of removing every car from Victoria's roads for two years. VRET has already triggered growth in the renewable energy business and is expected to drive more than \$2 billion in new clean energy investment and create over 2000 jobs, mostly in regional Victoria.

VRET is expected to provide more than 10 times the level of renewable energy per year than would be expected from a 60c gross feed-in tariff. Victoria is currently the only state in Australia operating a state-based renewable energy target.

The premium feed-in tariff complements the VRET scheme.

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The Victorian Government has also committed more than \$160 million towards large scale sustainable energy technologies such as solar, energy storage, biomass conversion, geothermal, wave and clean distributed energy. This includes an investment of \$50 million to build the world's largest photovoltaic solar power station in regional Victoria and \$6 million to advance ground-breaking research into affordable organic solar cells.

The Victorian Government has recently committed to build a large-scale solar generator capable of delivering approximately 330 GWh (enough power for 50,000 households) of zero emission electricity to the grid per year.

As an energy consumer, the Victorian Government is purchasing 10 per cent of electricity as GreenPower, with plans to increase this to 25 per cent by 2010. In addition, Parliament House will soon be run solely on GreenPower.

What to do next if you want to participate

- Your accredited solar installer will be able to step you through the process of installing your solar panels, getting the appropriate meter and arranging the premium feed-in contract between you and your retailer.
- The details of accredited solar PV installers can be found on the Sustainability Victoria website – listed below.
- If you already have a solar PV system installed and think that you are eligible for the scheme, contact your energy retailer to arrange for a new contract.

For further information including extensive FAQs on the premium feed-in tariff go to:
www.dpi.vic.gov.au/energy/feedintariff.

For further information about VRET go to:
www.dpi.vic.gov.au/energy

For general tips about energy efficiency and other Victorian Government programs related to sustainability go to:
www.sustainability.vic.gov.au

For detail about the Federal Government's Solar Homes and Communities Plan visit:
www.environment.gov.au/settlements/renewable/pv/index.html

If you would like to receive this information/publication in an accessible format (such as large print or audio) please call the Customer Service Centre on 136 186; TTY: 1800122 969, or email customer.service@dpi.vic.gov.au.

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