

# Premium Rate for Solar Power

Victoria is on the threshold of a new energy future. This future centres on growing Victoria's renewable energy sector, in particular the use of solar energy, to meet the challenge of climate change.

## Victoria's premium feed-in tariff

The premium feed-in tariff offers Victorians with solar power systems a premium rate for unused electricity they feed back into the State electricity power grid. This will make small scale solar photovoltaic (PV) systems more affordable. It is expected to start on 1 November 2009.

Households, community groups and small businesses with small-scale solar PV systems (up to 5 kilowatt capacity), and consuming up to 100 megawatt hours a year, will receive 60 cents per kilowatt hour for the electricity they feed back into the power grid – currently, over three times the standard retail price for electricity.

Up to 100,000 solar-powered households, community groups and small businesses across Victoria are potentially able to participate in the premium feed-in tariff program. This new scheme, coupled with other State and Federal government rebates, helps off-set the cost of installing solar panels so more Victorians can directly participate in renewable energy generation and play their part in tackling climate change.

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

## Premium feed-in tariffs: The basics

- The premium feed-in tariff will be available to households, community organisations and small businesses with energy consumption less than 100 megawatt hours a year.
- 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 on 1 November 2009 and will run for 15 years.
- The premium feed-in tariff scheme will apply to electricity produced that is not used at the relevant premises.
- The maximum size system that can be installed to receive the premium feed-in tariff is 5 kilowatts. PV systems larger than 5 kilowatts in size and other micro-renewables (up to 100 kilowatts in size) remain eligible for the standard feed-in tariff.
- The premium feed-in tariff will be credited against a customer's electricity bill, by their electricity retailer, with each bill credit available for a maximum of 12 months (Note: some retailers may offer better terms – see discussion under 'Choosing your solar PV retailer').
- It is anticipated that almost all customers installing an average sized system will use the credits to offset their power bills within the 12 month period.
- The premium feed-in tariff will be offered by all electricity retailers who have more than 5,000 customers.
- New customers will be able to take advantage of the feed-in tariff until the total capacity of systems participating reaches 100 megawatts. With average sized systems of 1.0 to 1.5 kilowatts, up to 100,000 solar-powered households, community organisations and small businesses across Victoria will potentially be able to benefit.





## How to receive the premium feed-in tariff

- You will need to install solar panels. Details of accredited solar PV installers can be found on the Sustainability Victoria website [www.sustainability.vic.gov.au](http://www.sustainability.vic.gov.au)
- You will also need to accept a new premium feed-in-tariff offer from your electricity retailer and check with them to make sure you have the appropriate type of electricity interval meter. If a change to your meter is required, make sure you check with your retailer how this may change your current electricity pricing.
- Different electricity retailers will have different premium feed-in tariff offers available to you, so make sure you shop around for the deal that best suits you. (See 'Choosing your solar PV retailer' for more information).
- If you already have a solar PV system installed and think that you may be eligible for the scheme, contact your electricity retailer and ask about arranging the new offer.

## Choosing your solar PV retailer

In setting up legislation for the premium feed-in tariff scheme, the Victorian Government received advice from the Solicitor General's office which indicated that requiring electricity retailers to make direct payments (rather than credits to your bill) for energy fed back into the power grid could cause legal problems.

The Solicitor General's advice was that doing this could open the scheme to challenges under Section 90 of the Commonwealth Constitution (on the grounds that it was an excise).

The legislation doesn't stop electricity retailers making direct payments to customers if they choose to do so.

Some electricity retailers have indicated that they do not intend to expire credits accrued under the premium feed-in tariff scheme and have stated that they intend to provide customers with the option of a direct payment.

Solar panel customers should ask their retailer whether they intend to directly pay customers for energy sold to the grid or offer credits against customers' electricity bills. They should also confirm what happens to any accrued credits if customers change retailer.

Victoria has one of the most competitive electricity markets in the world and it is recommended that consumers with solar panels shop around among various retailers to get the best deal.

For further information about choosing an electricity retailer visit: [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au)





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

The premium feed-in tariff scheme operates using net metering. This means the customer receives a credit for the excess electricity they feed back into the power grid.

The net metering model is a cost effective way to promote solar energy as it imposes lower costs on Victorians, promotes energy conservation and encourages people to better manage their energy demand, especially at times of peak load - such as hot summer days.

Victoria's scheme is also the only scheme in Australia that has built-in safeguards to ensure the scheme's cost to the community will not exceed the equivalent of \$10 a year for each electricity consumer.

The net metering model is consistent with schemes in other states, such as South Australia, and Queensland, and it has also been proposed for NSW and Western Australia.

## Supporting renewable energy in Victoria

In other parts of the world, 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, and Australia, renewable energy targets are the main driver to boost our renewable energy capacity. They are expected to provide many more times the level of renewable energy per year than could be provided by feed-in tariffs.

Renewable energy targets require energy retail companies to purchase a certain percentage of renewable energy each year, creating a guaranteed market for producers of renewable energy, such as wind farms. These targets complement feed-in tariffs by stimulating large, long-term investments in renewable energy that will lead to lasting change in our overall energy mix.

Until this year, Victoria was the only state with a renewable energy target (VRET). Designed to increase Victoria's renewable energy production to 10 per cent by 2016, already this target has triggered massive growth in the state's renewable energy sector. Introduced in 2006, it was designed to attract \$2 billion worth of investment in renewable energy projects, potentially leading to more than 2,000 new jobs, mostly in regional Victoria.

Now the Australian Government has set a national renewable energy target (RET), requiring electricity retailers across the country to purchase 20 per cent of their power from renewable sources by 2020. The state target will be incorporated into the national target, which is expected to lead to even more renewable investment in Victoria.

For further information on renewable energy targets visit:  
[www.dpi.vic.gov.au/energy](http://www.dpi.vic.gov.au/energy)



## Solar energy – A key part of Victoria's energy future

In addition to the premium and standard feed-in tariffs, the Victorian Government has supported a range of solar energy initiatives including:

- investing in new solar technologies
- encouraging small-scale applications of solar technologies in households, small business and the community by offering a solar hot water rebate and the Solar in Schools initiative
- 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 supporting a national emissions trading scheme and national renewable energy target.

The Victorian Government has also committed more than \$220 million towards sustainable energy technologies, such as solar, energy storage, biomass conversion, geothermal, wave and clean distributed energy.

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



For further information including extensive FAQs on the premium feed-in tariff visit: [www.dpi.vic.gov.au/feedintariff](http://www.dpi.vic.gov.au/feedintariff)

For information about solar installers and other Victorian Government programs related to sustainability visit: [www.sustainability.vic.gov.au](http://www.sustainability.vic.gov.au) or [www.saveenergy.vic.gov.au](http://www.saveenergy.vic.gov.au)

For further information about choosing an electricity retailer visit: [www.yourchoice.vic.gov.au](http://www.yourchoice.vic.gov.au)

For further information on renewable energy targets (VRET) visit: [www.dpi.vic.gov.au/energy](http://www.dpi.vic.gov.au/energy)

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

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