



Media release

The Hon Michael O'Brien MP

Minister for Gaming
Minister for Consumer Affairs
Minister for Energy and Resources

Thursday 1 September 2011

New solar incentive to replace premium feed-in tariff

The Victorian Coalition Government will introduce a new Transitional Feed-in Tariff (TFIT) for properties installing rooftop solar panels to replace the current Premium Feed-in Tariff (PFIT), which will soon reach its statutory capacity of 100 megawatts.

Minister for Energy and Resources Michael O'Brien said the new solar scheme would provide a fair and reasonable incentive for households to install solar energy systems while a review into feed-in tariffs is carried out by the Victorian Competition and Efficiency Commission (VCEC).

A VCEC review of feed-in tariffs is Coalition policy and is expected to commence later this year and report in the second half of 2012.

The new scheme is not retrospective and does not affect those currently accessing the PFIT.

"Renewable energy has an important role to play as Victoria makes the transition to a lower emissions future," Mr O'Brien said.

"The new TFIT scheme will provide a fair price to households feeding solar power back into the grid while also supporting the solar panel installation industry while the VCEC review is conducted.

"Unlike many other states, which have closed down all feed-in tariff schemes, Victoria's TFIT will provide a fairer, more sustainable approach which reduces the boom/bust cycle for the industry," said Mr O'Brien.

The new TFIT will offer customers 25 cents per kilowatt hour for electricity that is fed back into the grid from their rooftop solar systems.

"The new scheme will still mean people investing in rooftop solar systems will have an average payback period of less than 10 years, about the same as forecast when the PFIT scheme was first introduced," Mr O'Brien said.

Since the premium scheme was introduced in 2009, the cost of small scale solar systems has dropped by around 50 per cent and is predicted to continue to fall, reducing the need for high government solar incentives.

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The new TFIT will be available from 1 January 2012 for all customers with solar photovoltaic systems of five kilowatts or less. The Tariff will be available for five years from the scheme's commencement.

Mr O'Brien said the current premium scheme was rapidly approaching the former Government's statutory cap of 100 megawatts.

"People who have already paid a deposit or are already having solar systems installed must make sure all the required paperwork has been submitted before September 30," Mr O'Brien said.

"This will be crucial for people to be considered for the premium scheme. Failure to meet the 30 September deadline will mean people will not be considered for PFIT."

This means solar installers need to have lodged the following forms with a customer's electricity suppliers:

- a Solar Connection Form;
- an Electrical Work Request; and
- a Certificate of Electrical Safety.

Customers will also need to have agreed to a Premium Feed-in Tariff contract with their electricity retailer.

"Given it can take up to several months to complete the required steps, it is very unlikely that people purchasing a solar system from today will have enough time to qualify for the premium rate," Mr O'Brien said.

"I therefore urge anyone who has already paid their deposit for solar panels to ensure they chase up their suppliers and paperwork to meet the 30 September deadline."

Mr O'Brien said consumers should also be extremely wary of solar installers pressuring them for a quick decision, as it would be misleading to guarantee new customers access to the premium rate from now on.

"I am issuing a strong warning to solar installers that if they make misleading claims to customers regarding access to the premium tariff, they risk facing severe penalties under Australian Consumer Law," Mr O'Brien said.

"Those engaging in misleading and deceptive conduct risk facing penalties of up to \$220,000 for an individual and \$1.1 million for a body corporate."

For more information go to: www.dpi.vic.gov.au/feedintariff

Media contact: Simon Troeth 0439 300 335