

Queensland Solar Bonus Scheme

Policy Guide

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Summary

This guide provides a brief history of and information on maintaining eligibility under the Queensland Solar Bonus Scheme policy.

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History and overview of the Solar Bonus Scheme

1.1 Solar Bonus Scheme commencement

In 2008 the Queensland Government introduced the Solar Bonus Scheme. The scheme offers a feed-in tariff of 44 cents per kilowatt-hour (c/kWh) for 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 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 44 c/kWh feed-in tariff will expire on 1 July 2028.

1.2 Solar Bonus Scheme changes

1.2.1 Changes made in 2011

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. The change 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

1.2.2 Changes made in 2012

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.

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.

1.2.3 Changes made in 2017

The Queensland Government announced in May 2017 that it had:

- directed Energy Queensland (owner of Energex and Ergon Energy) to remove the cost of the Solar Bonus Scheme from electricity bills over three years from 1 July 2017
- issued a new delegation to the Queensland Competition Authority to set 2017-18 electricity prices in line with the reduced rates.

This action – at a cost of approximately \$770 million to Government – was taken to provide electricity price relief to customers.

1.2.4 Changes made in 2018

On 15 February 2018, the Queensland Government introduced changes to clarify how customers currently receiving the Solar Bonus Scheme may install batteries and additional generation and remain eligible for the 44 cent per kilowatt-hour (c/kWh) solar feed-in tariff. Under the changes, a customer will **lose eligibility** for the Solar Bonus Scheme 44c/kWh feed-in tariff if they:

- add generation capacity to their qualifying generator which exceeds the approved capacity of their system's inverter (i.e. oversize)
 - install a battery which can be used at the same time the customer's qualifying generator is generating or is able to export electricity to the grid
- or
- install an additional generation system which can be used at the same time as the customer's qualifying generator is generating or is able to export electricity to the grid.

Eligibility

2.1 Customer Eligibility

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.

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
- ensure that the name on your account doesn't change if you change to another retailer (unless to a spouse)
- operate an existing solar PV system that is connected to a distribution network in a net metered arrangement with an inverter size not exceeding the capacity approved by your electricity distributor
- have a connection agreement in place with an electricity distributor
- ensure you replace any component with a like-for-like part
- from 15 February 2018, not add extra capacity (panels) which exceed the rated capacity of your system's inverter
- check with your distributor before adding extra panels, systems or batteries
- unless you have installed, or contracted to install alternative sources of energy (such as other generators or batteries), only use alternative sources of energy when the system receiving the 44 cent feed-in tariff is not operating (i.e. at night), or arrange for a separate connection for additional generators or batteries.

2.1.1 Rental properties

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. However, if the name on the electricity account at the property changes, for example due to a change in tenant, then eligibility for the scheme will cease.

2.1.2 Customers with larger systems

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 customer complies with other eligibility requirements.

2.1.3 Bulk metered sites

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.

2.2 System eligibility

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.

2.2.1 Relocating a system

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.

2.2.2 Capacity changes and upgrades

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).

2.2.3 Adding panels to eligible solar PV systems

Under changes which commenced on 15 February 2018, customers **lose eligibility** for the 44 c/kWh feed-in tariff if they add capacity (i.e. panels) to their qualifying generator which, in total, increases the overall capacity of their system above the capacity of their approved inverter.

Customers are **allowed to** add capacity to their eligible solar PV system, and remain eligible for the 44 c/kWh feed-in tariff, as long as the total generation capacity of the generator (i.e. the solar PV panels) is no greater than the capacity of the inverter.

2.2.4 Adding batteries or other energy storages

A customer may install a battery or other energy storage as long as the energy stored in the battery is only ever discharged at night (that is, when the eligible solar PV system is not generating).

Customers will lose eligibility if they install a battery (or energy storage) on the same electrical installation as their eligible solar PV system, and the battery (or storage) is installed in a way that allows it to:

- supply electricity at the same time as the eligible solar PV system
- or
- export electricity to the grid.

An exception to this change is where a customer has already installed or contracted to install the battery or energy storage device before 15 February 2018.

2.2.5 Adding extra generation systems

A customer may install an additional generation system (e.g. second PV system, or diesel generator) as long as electricity from the additional generation system is only ever used to power the premises at night (that is, when the eligible solar PV system is not generating). Customers can also install additional generation systems on separate circuits in their homes or businesses (e.g. to power a shed which isn't connected to the grid, or which is connected to the grid, but via a separate connection).

Customers will lose eligibility if they install an additional generation system on the same electrical installation as their eligible solar PV system, and the additional system is installed in a way that allows it to:

- supply electricity to the electrical installation at the same time as the eligible solar PV system
- or
- export electricity to the grid.

An exception to this change is where a customer has already installed or contracted to install the additional generation system before 15 February 2018.

2.2.6 Replacing components

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.

Inverter replacement

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.

Panel replacement

Increasingly, one or more panels in an array need replacement under warranty.

Whether replacing one panel or the entire array, the customer and/or their installer must make every effort to match the wattage of the new panels with the wattage of the original panels. Where the wattage can't be exactly matched, an increase in wattage of up to 5 per cent across the entire array is allowable without impacting the customer's eligibility for the 44 c/kWh feed-in tariff. If a high proportion of panels in an array needs to be replaced, it may be necessary to reduce the number of panels to keep the increase to the total array capacity within the 5 per cent allowance.

Any increase in the total array capacity up to and including 5 per cent will not require the approval of the relevant distributor. However any increase in the total array capacity over 5 per cent will both require the consent of the distributor (meaning a new network connection application must be lodged) and jeopardise the customer's eligibility for the 44 c/kWh feed-in tariff.

2.3 Electricity account details

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.

2.3.1 Adding a name 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.

However, 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.

2.3.2 Removing a name 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.

2.3.3 Changing electricity retailers

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.

2.3.4 Disconnection

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.

Other information for customers

3.1 Accidental tariff removal

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.

3.2 Tax implications

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.