QUEENSLAND TREASURY

Queensland Solar Bonus Scheme

Policy Guide

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DELIVERING FOR QUEENSLAND

Queensland Government

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1.0 Introduction

The Solar Bonus Scheme (SBS) offers a feed-in tariff (FiT) of 44 cents per kilowatt-hour (c/kWh) for surplus electricity generated by eligible photovoltaic (PV) systems owned by residential and small business customers exported into the electricity grid. The FiT 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 SBS is due to expire on 1 July 2028

The head of power for the eligibility criteria sits in the *Electricity Act 1994* (section 44A and Schedule 5) and the Electricity Regulation 2006 (sections 30AA and 30 AB).

This guideline was developed to provide a brief history of the SBS, and information to assist in interpreting the eligibility criteria.

2.0 History and overview of the Solar Bonus Scheme

2.1 Solar Bonus Scheme commencement

In 2008, the Queensland Government introduced the SBS. 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 SBS's initial objectives were to make solar PV systems more affordable for Queenslanders, stimulate the solar power industry and encourage energy efficiency.

2.2 Solar Bonus Scheme changes

2.2.1 Changes made in 2011

On 7 June 2011, the Queensland Government introduced the following changes:

- the capacity of an eligible solar PV system was limited to 5 kilowatts; and
- applications were limited to one system per premise.

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[1] under the SBS.

2.2.2 Changes made in 2012

On 25 June 2012, the Queensland Government announced the closure of the 44c/kWh feed-in tariff to new customers and establishment of an 8c/kWh mandated rate until 30 June 2014. The key changes flagged in this announcement were:

- The feed-in tariff of 44c/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.

[1] 'Windfall gains': an unexpected gain in income.

- 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.

These changes came into effect in November 2012.

2.2.3 Changes made in 2017

In May 2017, the Queensland Government announced that it had:

- directed Energy Queensland (owner of Energex and Ergon Energy) to remove the cost of the SBS from electricity bills over three years from 1 July 2017; and
- 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.

2.2.4 Changes made in 2018

On 15 February 2018, the Queensland Government introduced changes to clarify how customers currently receiving the SBS may install batteries and additional generation and remain eligible for the 44c/kWh solar feed-in tariff. Under the changes, a customer will lose eligibility for the SBS 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.

3.0 Eligibility

3.1 Customer Eligibility

To maintain eligibility for the 44c/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; and
- 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.

3.1.1 Rental properties

The 44c/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.

3.1.2 Customers with larger systems

Customers with systems greater than 5 kilowatts and up to 30 kilowatts may continue to receive the 44c/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.

3.1.3 Bulk metered sites

Bulk metered sites such as retirement villages and unit blocks were generally unable to meet the eligibility criteria for the 44c/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 SBS. 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 44c/kWh feed-in tariff.

3.2 System eligibility

The 44c/kWh feed-in tariff is for solar PV only and does not apply to excess electricity exported to the grid which was generated by other sources of renewable energy.

3.2.1 Relocating a system

If the customer moves house and takes the solar system with them to the new house, the customer will no longer be eligible to receive the 44c/kWh feed-in tariff.

The only scenario where a customer can move premises and retain their SBS eligibility is if the following criteria are met:

- the customer has experienced the loss of their home due to natural disaster, have had to forcibly relocate; **and**
- the customer is eligible to access government schemes such as the Resilient Homes Fund and can provide evidence of eligibility (e.g. a letter from the Resilient Homes Fund to the customer indicating the impacted address is eligible to access the fund, or similar); **and**
- the electricity account name at the new premises is the same as that at the original premises; **and**
- the solar inverter must be the same size or smaller than that which was installed at the original premises (including panel installation).

3.2.2 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. Customers must not install a larger total inverter capacity than approved by their distributor.

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 44c/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.

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 (https://www.cleanenergycouncil.org.au/industry/products/inverters).

3.2.3 Adding panels to eligible solar PV systems

Under changes which commenced on 15 February 2018, customers lose eligibility for the 44c/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 44c/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.

3.2.4 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.

3.2.5 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 at their residential or business premises (e.g. 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.

Customers will also lose eligibility if they install an additional generation system on a separate connection at their premise and proceed to transfer circuits being supplied by their eligible system on to the additional generation system connection.

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

3.2.6 Replacing components

The SBS allows like-for-like replacement of components, should a component require replacement, without affecting eligibility to the 44c/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 44c/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 44c/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 44c/kWh feed-in tariff.

Inadvertent loss of SBS eligibility and opportunity to 'make good'

There may be situations where a PV system requires replacement due to equipment failure or destruction of original equipment. Given that most customers lack technical expertise in PV systems, there is a risk that an installer engaged to replace the system may not carry out the full checks required to ensure the customer remains compliant with their existing network connection agreement. This may result in equipment being installed that exceeds the limits stated in the network connection agreement without the knowledge or full consent of the customer. Once this occurs, a customer may lose their eligibility for the 44c/kWh feed-in tariff.

Customers facing this situation must be allowed a 3-month grace period to 'make good' at their own cost to correct the installation so that it remains compliant with the limits stated in their existing network connection agreement.

The 3-month grace period starts from either:

- the approval date of this revised guideline; or
- following the approval of the revised guideline, the date the customer was notified (either by email or letter, whichever method is preferred by the customer) of the situation by the relevant electricity distributor;
- whichever is the latter.

The customer must notify the relevant electricity distributor of rectification of the breach as soon as practicable. If the customer fails to notify the relevant electricity distributor within the 3-month grace period (dated from when the customer was notified of the situation by the relevant electricity distributor) then the customer will lose access to the SBS tariff and will be permanently transferred to a different tariff. To be clear, in those circumstances where a customer has already been notified that they have lost their SBS eligibility, the 44c/kWh feed-in tariff will **only be reinstated from the date the customer notifies the relevant electricity distributer of rectification of the breach** provided the notification occurs within the 3-month grace period.

For this section, 'notify' means when the customer submits a valid application for a system modification that complies with Energy Queensland Limited's technical and safety requirements.

3.3 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 44c/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 44c/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.

3.3.1 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 44c/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 44c/kWh feed-in tariff ceasing for that existing customer. This includes where the name of the eligible customer remains on the account.

3.3.2 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 44c/kWh feed-in tariff. Once a name is removed from an account the 44c/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 44c/kWh feed-in tariff ceasing. Exceptions apply if that person is a spouse of the eligible account holder.

3.3.3 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.

3.3.4 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 44c/kWh feed-in tariff ceasing as the eligibility criteria for the scheme state that an electricity account must be maintained, unless the customer can

demonstrate that non-payment of bills was as a result of the customer experiencing hardship. This is to be supported by the customer being recognised as a hardship customer by their retailer.

4.0 Other information for customers

4.1 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 44c/kWh feed-in tariff incorrectly, the distributor will restore and backdate the feed-in tariff payments.

4.2 Tax implications

SBS payments may have implications for calculating tax liabilities or eligibility for Centrelink payments, depending on individual customer circumstances. If SBS 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.

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