



Don't tax the sun!

A background document on the 'Don't Tax the Sun' petition

Key Lines

- Big energy companies are threatened by the rapid uptake of solar in our community. This rapid move to solar hurts their bottom lines.
- That's why these companies are using their political power to try and see every solar home hit with additional fees and charges, just for connecting to the grid- in simple terms; they are recommending we tax the sun.
- But claims that solar is the main driver of power price rises simply isn't true. It's now widely understood that wasteful spending on unnecessary poles and wires is behind the rises in your electricity bill.
- Currently, over 1 million homes in Australia now run on the sun. And that number is growing - many more households are looking to go solar as a way to manage their bills and create clean power along the way.
- But, big power companies don't want to see Australians taking power generation back into their own hands.
- That's why they are using their political power to try and slow solar - trying to increase fees and penalise existing solar homes to slow the solar revolution.
- Sign our petition against the sun tax to show our State Premiers and Federal politicians that you won't stand for a tax on the sun.

Common questions

Who wants to tax the sun?

A recent report by the Australian Energy Market Commission (AEMC) - one of the main bodies that sets the rules for our energy system - indicated they may recommend to our state and federal governments new fees or tariffs for every solar system connected to the system. This report came out of consultations with industry "stakeholders" (including a large number of big power companies) who are increasingly worried about success story of solar. If the AEMC makes the recommendations and these are adopted by state government, solar homes could face the prospect of higher charges to use the poles and wires that distribute electricity - the equivalent of taxing the sun.

Who is the Australian Energy Market operator?

The AEMC is one of the main bodies in charge of our electricity system. They set the rules for how our energy market works and provide advice to state and federal governments. They AEMC will soon make recommendations to our state and federal government around grid pricing for solar homes.

I've heard politicians claim that my bills are rising because of solar. Is this true?

The average Australian family's electricity bill is made up of a number of different costs - some for electricity generation, others for retailer service or grid connection fees, others for programs to drive investment in renewable energy. At present the vast majority of this cost - around 40-50% - is for spending on in poles and wires. The next biggest proportion of a bill - around 20% - is for wholesale price of gas and coal . Only a small proportion of total costs on your bill - around 6% - derive from solar schemes. The big energy companies - and some state governments (who own those power companies) - are seeking to shift the blame for increasing prices on to solar to distract attention from the real causes of price rises. They are trying to provide justification to slow the rollout of solar which hurts their business profits.

Why would big power companies want to increase costs for solar?

The solar revolution is growing rapidly, as more and more households look to take power over their bills and create clean energy - a million homes in Australia are now powered by the sun!

But if more people no longer rely so much on the grid that means less profits for generators, distributors and retailers. Energy market operators have also approved massive spending on 'upgrades' to poles and wires. But due to the rise of solar and falling energy demand his money has been spent on infrastructure that is no longer required.

Now they are trying to make back their profits - by hitting ordinary householders with higher bills, and trying to penalise any solar homes that have made a move to protect against rising bills.

They are trying to stop or slow the inevitable rollout of solar to protect their bottom lines.

I don't have solar. I've heard that I'm subsidising other households who do have solar. Is this true?

In the above mentioned AEMC report, the AEMC claimed solar owners were using the grid but not paying their fair share of grid costs because they were using less power. This is a bit like saying that people who decide to sell their cars and ride bikes for transport should have to pay petrol retailers and road authorities for income they've lost because you're on a bike.

According to recent data, households installing air-conditioning (AC) add around \$75 to other households' bills a year, by increasing demand peaks. However, where solar panels are also added to the network, the bill increase faced by other households due to AC is reduced. It is not clear why the AEMC singled out solar for targetting, nor ignored the benefits of solar for reducing other demand on the grid.

In truth, more families on your street having solar could actually reduces the need for expensive grid upgrades and save everyone the cost of rising power bills. We just need to be setting up smarter grids. If big energy companies were truly concerned about fairness in who pays for the grid, they should be honest about what the main reasons behind price rises are.

I've heard that solar is only a possibility for the wealthy. Is that true?

No. In truth, lower and fixed income households have been driving the solar boom in Australia. The suburbs with the highest uptake of solar are overwhelmingly low-to-middle income suburbs and places with a high proportion of retirees. These are often areas where people are more sensitive to rising power bills.

I've heard that renewables, including solar, just can't compete against coal or other fossil fuels. Is this true?

Although big energy companies are complaining about subsidies for solar, in fact, the fossil fuel industry is heavily subsidised. The fossil fuel-based electricity system we have today is built on government subsidies, and fossil fuels continue to enjoy government assistance. However, energy companies never talk about this - instead focussing on scapegoating solar and other renewables to ensure they can keep making a profit from fossil fuels.