

The RET and SRES Fact Pack

The below is a compilation of facts and references from a huge variety of organisations relating to solar energy and electricity in Australia. It includes analysis and reports from Government, Federal and State research bodies, consultancy firms and industry associations.

This fact pack was compiled in February 2014 by SolarBusinessServices, an independent solar industry research and consultancy company. Support funding for the compilation of this fact pack was received from solar industry companies.

IT IS CRUCIAL to understand that there are many ways to present that same data in different ways to get different points across. We urge caution to ensure you are clear in your understanding and in the communication of these facts.

General Headlines

- The SRES is virtually the only remaining scheme that supports PV in Australia and is already declining
- Research by the [Australian Energy Market Commission](#) shows that in 2013/2014 it added around \$0.005 to the average cost of electricity (assuming \$0.27kWh ave). This is equivalent to less than \$0.09c per day on the average Australian electricity bill.
- Although few outside the solar industry are aware, sales of solar systems declined by almost 15% in 2013 compared to the previous year according to [recent research](#). The solar market is already contracting and is forecast to slow further in 2014.
- Recent [research shows](#) that if the benefits of the SRES are accounted for it has ZERO net cost to consumers because it has helped lower the cost of wholesale electricity.
- Therefore, removing or changing the RET will have absolutely no meaningful impact on the price of electricity and [according to SKM](#) is more likely to increase the wholesale cost of electricity
- The Renewable Energy Target is a mechanism that has demonstrated it works well and was comprehensively reviewed in December 2012. A [comprehensive study](#) by the Climate Change Authority recommended that it should be retained.
- The Abbott Government went to the election with a very clear commitment to maintaining the Renewable Energy Target and it has received [bi-partisan support](#) since 2001
- The RET has effectively encouraged more than 4 million Australians to install more than [2 Million solar systems](#), according to the Clean Energy Regulator, resulting in billions of dollars of investment.
- The SRES scheme is [elegant and self-adjusting](#). If demand goes too high, SRES prices fall and the market slows down.
- The SRES' impact on electricity bills [declined last year](#) and is set to continue to decline
- The most recent [Roy Morgan Polls](#) show that 86% of Australians are very concerned about climate change. Numerous surveys over several years have shown that Australians want more renewable energy
- The RET is already a functioning program which is very low-cost to consumers and on track to deliver on promised emissions reduction targets. However, if [investor confidence](#) is eroded by changing the RET we will be far less likely to meet the targets

Jobs

- With the economy in transition, it is the right time to think about the jobs of the future. The Renewable Energy Target has already helped create 25,000 jobs (up to 18,000 in the solar industry) and we are only half way to meeting the target according to [recent research](#).
- Our leading trading partners – the US, China, Japan, South Korea – are [all investing heavily](#) in solar and renewable energy. Last year, China installed more solar than any other country in history. The trend line is clear, and that represents the jobs of the future.
- Axing the Renewable Energy Target would have a diabolical impact on Australia’s solar industry – almost [7,000 jobs lost](#) or foregone in just four years. Not only would people lose their jobs, but future jobs would not be created. These jobs will primarily be in outer metropolitan areas and in regional Australia, because that is where most solar is installed.
- The impact would be felt immediately – 2,000 jobs lost in the short-term.
- Cutting the Renewable Energy Target would also be disastrous – 600 jobs lost next year alone.
- Jobs would be lost right around the country, but particularly in the outer suburbs of our cities and in regional Australia, because that’s where most people are installing solar.
- If we retain the RET in its current form, we will see job growth – 8,000 jobs created over the next four years.
- The Renewable Energy Target has helped 5 million Australians cut their power bills by investing in solar PV *and* SHW.
- In 2013, 18,000 Australians worked in the solar industry through 4,500 businesses.

Costs

- The Prime Minister has talked a lot about the cost of the Renewable Energy Target, but the RET is a [very small contributor](#) to the cost of electricity.
- In 2013/2014 the SRES adds around \$0.005 to the average cost of electricity (assuming \$0.27kWh ave) and is already declining
- The Small-scale Renewable Energy Scheme contributes just 1.3% to a power bill (\$6.50 out of an average \$500 quarterly bill). If you factor in solar’s contribution to the reduction in the wholesale cost of electricity, the [cost is virtually zero](#).
- The RET has zero cost to the Federal Budget because cost are passed through to consumers.
- The RET has a minimal impact in large businesses because those who are emissions-intensive and trade-exposed are able to access [Partial Exemption Certificates](#)

Subsidies

- Many are arguing that solar should not get subsidies because it is unfair. The RET is not a subsidy but rather, a [self-adjusting market mechanism](#) which undergoes regular review. The fossil fuel industry in Australia gets subsidies worth more than [\\$10Billion per annum](#).
- Old energy companies protecting their own interests are attacking the Renewable Energy Target because they’re [scared of the competition](#) posed by clean energy.
- Owners of traditional power stations are being hypocritical for complaining about support for renewable energy when you consider the [subsidies their facilities have received](#) in the past and in some cases continue to receive
- The cost of solar has fallen dramatically in recent years [but has now stabilised](#). In Australia, it has recently increased due to currency movements. It continues to require moderate levels of support which are regularly adjusted.

Demographics

- It is often claimed that the RET has been middle class welfare and only the wealthy buy solar systems. This is simply not true; as [postcode analysis](#) shows solar has predominately been in the mortgage belt with more than 53% installed in regional and rural communities
- This is further backed up by [research from the CSIRO](#) conducted in 2013 which describes the overwhelming support for solar from the broader community. ACIL Allen also conducted [research](#) on this topic in 2013

Solar energy and the grid

- [Analysis shows](#) that there is now approximately 3GW of PV installed in Australia compared to a total of around 48GW of installed capacity in the National Electricity Market.
- Australia now has [a live map](#) that can show the estimated contribution from solar on any given day. This demonstrates that solar can as has contributed up to 25% of state demand in some cases.
- According to the Australian Energy Market Operator and [Pitt & Sherry](#), solar's output is making a significant contribution to reducing demand and produces significantly [at times of peak demand](#).
- Recently, solar contributed a very significant 9.34% of total National Electricity Market demand [according to analysis](#) in December 2013
- Some critics suggest that because solar is intermittent it offers little value. However [Fraunhofer Institute research](#) from other large markets with high renewable penetration shows that there is an excellent fit and significant room for penetration. This is also backed up by [recent research](#) from the Government of Singapore
- Critics often claim that because solar output is variable, there are no emissions reductions. Research conducted by a [US Government department](#) proves that this is not the case and that distributed solar does indeed reduce emissions.
- The penetration of solar into electricity networks has come under scrutiny but [several studies](#) including [work from the CSIRO](#) demonstrate this is entirely manageable.
- [Recent research](#) shows that solar energy helps offset the enormous costs associated with the rise of air-conditioners on the Australian grid. In this way, [solar helps](#) maintain a high standard of living whilst reducing costs for individuals and the wider community
- Multiple research studies also show that solar owners are more energy aware and generally reduce their household consumption as a result of being more energy aware. This helps bring down the cost of supply for all consumers
- Solar is often blamed for the rising cost of electricity. However, analysis by the [Australian Energy Regulator](#) in 2013 demonstrates clearly that the majority of increase has come from increases in network company charges to both residential and business users.
- The worst offender is the single largest network operator in Australia (Ausgrid) who raised business tariff EA310 by [an astonishing 471.14% in 2012-13](#) and have been criticised for inefficient pricing structures.
- The same report notes that in virtually every case, network operators made more revenue than they forecast and that their charges make up approximately 50% of the average electricity bill.

- The Australian Energy Market Commission's [latest report](#) shows that electricity retailers are set to increase the amount that they charge electricity users (Retail Margin) by 6.3% over the next 2 years.

RET Review

- There is a view that the Government has launched an inquiry into the Renewable Energy Target because it is concerned about the cost of the RET. The truth is the Government must, [under legislation](#), review the RET this year.
- The RET is not a 20% target. The target has [always been a fixed gigawatt hour](#) and the previous Government made it clear the target was “at least” 20%. This target was supported by the Coalition in Opposition.