



# SolarCitizens

[www.solarcitizens.org.au](http://www.solarcitizens.org.au)

## Renewable Energy Target: FAQs

### About Solar Citizens

Solar Citizens is an independent, community-based organisation bringing together millions of solar owners and supporters to grow and protect solar in Australia.

Since launching in May 2013, we have grown to more than 60,000 supporters. In March 2014 we launched four state volunteer teams in Queensland, Victoria, South Australia and NSW. In August we handed over a petition of more than 25,000 signatures calling on the government to Keep Solar Strong and by protecting the Renewable Energy Target. Solar Citizens can be found online at [www.solarcitizens.org.au](http://www.solarcitizens.org.au) or on [Facebook](#) or [Twitter](#).

### Who are the Australians with solar?

Over 4 million Australians are living with solar power on their roof. That's over 1.3 million homes powered by the sun. Support for solar cuts across all demographics and political affiliations. In fact, most Australians who have solar are in rural and regional areas, or postcodes where median incomes are low<sup>1</sup>.

### What is the Renewable Energy Target?

The Renewable Energy Target was introduced by the Howard government in 2001. Its purpose is to encourage the growth of renewable energy in Australia and make sure 20% of Australia's electricity comes from renewable sources by 2020<sup>2</sup>. In 2011 the target was split into the Small-scale Renewable Energy Scheme (SRES) and the Large-scale Renewable Energy Target (LRET)<sup>3</sup>.

### How does the Renewable Energy Target work?

Under the target, electricity retailers have to buy a certain amount of renewable energy, which creates demand for power generated from renewable sources. They do this by purchasing Renewable Energy Certificates, known as RECs, which have a market value, based on supply and demand. Eligible certificates come from power stations producing electricity from approved renewable sources and from eligible small-scale solar panel, solar water heater, wind or hydro systems.

<sup>1</sup> <http://www.recagents.asn.au/wp-content/uploads/2012/09/Research-note-3-Geographical-Summary-Sep-2012-Final.pdf>

<sup>2</sup> <http://www.environment.gov.au/climate-change/renewable-energy-target-scheme>

<sup>3</sup> <http://www.abc.net.au/news/2014-03-07/how-does-the-renewable-energy-target-affect-your-power-bill/5253136>

## **How does the Renewable Energy Target make it easier to install solar?**

Consumers can install a small-scale renewable energy system, like solar panels or water heaters, which will produce certificates if they fulfill requirements under the target<sup>4</sup>. Consumers can sell these in the STC Clearing House for financial benefit, either through a third party Registered Agency or directly. Many consumers sell their certificates through their installer – it appears as a reduced price on the installation invoice.

## **How is the Target important for helping others go solar?**

About 4 million Australians have solar on their roof and that number is growing. Millions more families want to make the move, but without a strong Renewable Energy Target it will be more expensive to go solar. In such a sunny country, solar just makes sense – producing not only clean energy and but also helping families take control of their bills. We need to continue this growth.

## **Do Australians support for the Renewable Energy Target?**

Solar power is resoundingly popular with poll after poll demonstrating most Australians think solar power is the right choice for our country. An Australia-wide poll released in September 2014 conducted by respected firm Crosby Textor found that support for the Target is rising, recording an increase in support for the current target at 82%, up from 77% in 2013<sup>5</sup>. The Federal government needs to re-commit its support to the Target - any move by the government to cut the Target would be seen as out of touch with public opinion and breaking an election promise.

## **How many jobs does the Target create?**

Keeping the Target will help the growing solar industry. In 2013, over 18,000 Australians were employed in the solar industry across 4,000 small to big solar business. These are local jobs that are all across the country - including in remote and regional areas. A recent study found that scrapping the Target could cost up to 7,000 jobs<sup>6</sup>. Additionally, there are over 7,000 jobs in the growing wind industry that would come under threat if the Target were to change<sup>7</sup>.

## **How much investment is the Target bringing to Australia?**

The Renewable Energy Target has already attracted \$20 billion in new investment to Australia by national and international companies in large solar and wind projects because these investors feel confident in our renewables policies.<sup>8</sup> Changing the Target would mean a reduced investment in Australia - which means less jobs, growth and investment our country needs to succeed.

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<sup>4</sup> <http://ret.cleanenergyregulator.gov.au/ArticleDocuments/205/About%20the%20RET%20booklet.pdf.aspx>

<sup>5</sup> <http://www.pacifichydro.com.au/public-support-for-renewable-energy-stronger-than-ever/>

<sup>6</sup> <http://www.smh.com.au/environment/energy-smart/solar-pv-jobs-to-crash-if-renewable-energy-target-is-scraped-report-finds-20140129-31m9x.html>

<sup>7</sup> Nigel Morris, SolarBusinessServices

<sup>8</sup> <https://www.cleanenergycouncil.org.au/policy-advocacy/renewable-energy-target/why-we-need-the-renewable-energy-target.html>

## **How does the Target reduce the cost of electricity?**

The RET is cheap. Energy retailers pass the cost of buying their designated number of certificates on to consumers, and for most households, this comprises 3-5% of the average electricity bill<sup>9</sup>. The target is far smaller than network costs - which make up 50% of the average electricity bill and have increased dramatically in recent years from over-investment, or “gold plating” of the network<sup>10</sup>.

Not only is the RET a small portion of your bill, but **renewables - including solar - are reducing the wholesale price of electricity**. South Australia was the only state where power price fell in 2013, this is credited to the fact that over 30% of their energy is produced by solar and wind<sup>11</sup>. What's more, modelling conducted by Bloomberg New Energy Finance, ROAM Consulting and ACIL Allen in the 2014 Warburton Review of the Target has found that it will make electricity prices cheaper in the long run because it drives down the wholesale price of power and increases competition<sup>12 13 14</sup>.

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<sup>9</sup> <http://www.abc.net.au/news/2014-03-07/how-does-the-renewable-energy-target-affect-your-power-bill/5253136> ;  
[http://www.climateinstitute.org.au/verve/\\_resources/TCI\\_ReducingRET\\_ImpactOnBills\\_FactCheck.pdf](http://www.climateinstitute.org.au/verve/_resources/TCI_ReducingRET_ImpactOnBills_FactCheck.pdf) ;  
<http://climatechangeauthority.gov.au/sites/climatechangeauthority.gov.au/files/Final%20Report%20Overview.pdf>

<sup>10</sup> <http://www.themonthly.com.au/issue/2014/july/1404136800/jess-hill/power-corrupts> ; <http://www.abc.net.au/news/2014-03-07/how-does-the-renewable-energy-target-affect-your-power-bill/5253136>

<sup>11</sup> <http://reneweconomy.com.au/2012/wind-solar-force-energy-price-cuts-in-south-australia-39705>

<sup>12</sup> <http://about.bnef.com/press-releases/electricity-prices-to-surge/>

<sup>13</sup> <http://www.cleanenergycouncil.org.au/policy-advocacy/renewable-energy-target/ret-policy-analysis.html>

<sup>14</sup> <http://www.businessspectator.com.au/article/2014/7/30/renewable-energy/how-does-renewable-energy-target-affect-your-power-bills>