

THE RENEWABLE GENERATOR GUARANTEE

A Guaranteed Payment for Canberra Households & Business Generating Clean Energy

WHAT IS THE RENEWABLE GENERATOR GUARANTEE?

The RGG is a guaranteed 20-year gross payment for homes and businesses that install solar PV systems up to 200kW. It will be up to the regulator, the ICRC, to advise on the starting price, but based on current market prices, we expect it to be around 20 cents per kWh. In order to access the payment, generators will be required to surrender their RECs to the ACT Government, where they'll be counted towards the ACT's target of 40% emissions reductions by 2020. To avoid a "solar-coaster", the RGG payment will be automatically reduced each year and further reduced if installations exceed an annual installation target of 10MW. The scheme will also include provisions to enable flexibility in billing so that landlords and those lacking roof-space can still benefit financially from the scheme. The RGG will not preclude generators from operating under an alternative arrangement, such as ActewAGL's Solar Buyback Scheme or a standard net export arrangement.



WHY DO WE NEED IT?

While the costs of renewable energy are falling rapidly, Canberra homes and businesses installing PV have no access to a guaranteed payment for the electricity that they produce for the community. ActewAGL's Solar Buyback Scheme is not legislated and is only accessible to households installing no more than 10kW of generation. As a 1:1 scheme, it will cost Canberrans more than the RGG, due to the rapid rise of fossil fuel prices. Whilst ACT electricity prices are expected to rise by 42% from 2010-11 to 2013-14, the cost of solar PV has dropped by 75% in the past three years.¹ Together with wind, solar PV is expected to be one of the most cost-competitive energy sources in 2030.²

WHAT WILL IT DO?

The RGG guarantees small-medium generators a payment for all of the energy they produce from their solar PV system. This will reduce system pay-back times and generate modest returns. It is anticipated that up to 100MW of additional solar PV will be installed through the RGG over the next 10 years. This will help to grow the ACT's clean energy economy, increase the ACT's current small-scale solar capacity up to 4-fold over the next 10 years³ and cut the equivalent of 2,660 cars' worth of emissions from Canberra's roads every year.⁴ By requiring generators to surrender their RECs to the Government, all of this abatement can be counted towards the achievement of our ambitious 40% emissions reduction target.

¹ Bloomberg New Energy Finance (2012), *Reconsidering the Economics of Photovoltaic Power*, <https://www.bnef.com/PressReleases/view/216>

² Bureau of Resource and Energy Economics (2012) [Australian Energy Technology Assessment](#)

³ Assumes 2012 capacity of 35MW

⁴ Assuming 4T CO₂ emitted per car/year (Assumes average mileage of 15,000km/year and 266g CO₂/km); <http://rac.com.au/About-Us/Community/Environment/Impact-of-cars-on-the-environment.aspx>

FREQUENTLY ASKED QUESTIONS

HOW MUCH WILL IT COST?

Assuming a starting price of 20 cents per kWh, we expect an average cost to households of around \$4.46 per quarter over the next 4 years. In the long-term, this investment will counter rising bills by reducing our dependence on increasingly expensive fossil fuels and minimising the need for costly grid upgrades – which are the number one cause of current price rises.

ISN'T THIS JUST MIDDLE-CLASS WELFARE?

Data indicates that PV systems are installed across all Canberra suburbs, regardless of income,⁵ however to insulate low-income households against any negative price impacts, the Greens will provide an increase to the energy concession. Given that fossil fuel prices are rising rapidly whilst renewable prices are dropping steadily, shifting our reliance away from fossil fuels and towards renewable energy will depress electricity price rises in the medium-long term. This means that whilst we all pay for the RGG, so too will we all enjoy its benefits.

ISN'T IT CHEAPER TO RELY ON THE GOVERNMENT'S LARGE-SCALE FEED-IN-TARIFF?

The high upfront costs of the reverse auction mean that it is currently not much cheaper than the RGG. In fact, the starting price for the first large-scale tranche is only 1.4 cents lower than the expected starting price of the RGG. The large-scale FiT also has considerable land requirements whereas the RGG has a zero to minimal land requirement because most systems are installed on rooftops. As such, both schemes have merit. Together, they can deliver 14% of the ACT's electricity and 19% of the 40% emissions reduction needed in 2020.

WON'T THE RGG REPEAT THE PROBLEMS ENCOUNTERED WITH THE ACT'S FIRST FEED-IN-TARIFF?

Unlike the first feed-in-tariff, the RGG payment offered is lower and the scheme is not capped. The payment will be adjusted down on an annual basis to reflect the installed capacity and price reductions for PV technology. For example, if prices drop considerably and a large amount of PV is installed, the payment for incoming participants will drop more than for participants entering in a year when costs do not drop much and very little PV is installed. This method, called "price depression", has been used extremely effectively in countries such as Germany, which has the world's highest installed solar capacity. It provides an incentive to install without causing the boom/bust scenario that unfolded with the ACT's feed-in-tariff. It also encourages product innovation and improvement.

WHY IS THE RGG CHEAPER THAN A 1:1 SCHEME LIKE ACTEWAGL'S SOLAR BUYBACK SCHEME?

Within a few years, solar energy produced in the ACT will become cost competitive with electricity from the grid. Thereafter, it'll be cheaper to produce. Under a 1:1 scheme, the community will pay generators an increasingly high price for the solar energy they produce. Under the RGG, a fixed payment is made which, as electricity prices continue to rise, will end up being less than the grid price. This means that the RGG will increase local investment in solar at a lower cost to the Canberra community than the Solar Buy-back Scheme. Further benefits of the RGG, compared to ActewAGL's Solar Buy-back Scheme, are that it's legislated and available to businesses.

⁵ Hill Michael (2012), *Review of the Technical Limits to the Deployment of Solar Photovoltaic Electricity Generation Systems in the ACT*, report prepared for the ACT Government, p.21 and <http://the-riotact.com/the-most-fed-in-suburbs-are/37765>; of the 18 suburbs with the highest number of solar PV installations (>50), 56% (10) are in the second lowest income bracket, 39% (7) are in the middle income bracket and 5.6% (1) is in the middle-high income bracket. None of the top 5 earners⁵ feature.