

Solar export rule change implications factsheet



Background

In August 2021, the rule-maker for Australia's main electricity market, the Australian Energy Market Commission (AEMC) changed the rules for rooftop solar. The AEMC ruling includes several parts, one of which has been labelled in the media as a "solar tax".

This fact sheet attempts to bust the myths for a non-technical audience, including residential strata committee members, who may be investigating rooftop solar.

Why the change?

Australia has the fastest rate of solar uptake in the world with almost one in four Australian homes possessing rooftop solar. The Australian Energy Market Operator (AEMO) predicts that within the next decade, half of all consumers in the National Electricity Market will be using some form of

Distributed Energy Resources (DER) – either rooftop solar, home batteries or electric vehicles that involves sending energy back to the grid.

The new rules introduce clear obligations to support energy flowing both ways. The electricity network companies, the ones who own the poles and wires (eg Ausgrid in NSW) will now be accountable for getting their businesses "solar and battery friendly"

What are the implications for potential & existing solar customers?

These charges won't apply until 2025 at the earliest. Rooftop solar is still the cheapest form of electricity and is a solid investment for most properties.

The good news is that electricity networks will be required to offer a choice of tariffs – a free basic service with a lower export threshold, or a higher level of service in return for unlimited exports most of the time but a network levy at some times eg in the middle of sunny days in autumn and spring, when electricity demand is low but solar output is high.

Solar owners would have the choice of opting into an export tariff with charges if they think it would be in their interest. ie if they can face some of their panels east or west as well as north, can charge an electric car when the sun is shining or if a solar battery is installed.

A new opportunity is that the electricity networks could also increase financial rewards at peak times (eg early evening 5-6pm), making on-site battery storage a more attractive proposition.

What about feed in – tariffs (FiTs)?

Feed in tariffs are offered at the electricity retailer level (eg Energy Australia, AGL) and not by Ausgrid, who are the Distributed Network Service Provider

This ruling may result in a reduction of your solar feed-in tariff (the amount your electricity retailer pays you for exporting your excess solar to the grid) The AEMC modelling quotes a reduction of around 2c/kWh, which would equate to a 5-8% impact on solar savings.

This will not make a material difference to the business case for solar. Current solar feed in tariffs offered in NSW range from 0c to 22c per kWh.



An overview video of the proposed changes "Don't Call it a Solar Tax" is recorded by Mr Finn Peacock, ex CSIRO solar engineer, industry commentator and founder of the [SolarQuotes website](#) [View video \(3 minutes\)](#)

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How else can we save?

Check your electricity retailer offer and finding the best energy plan.

energymadeeasy.gov.au is a government website that rates electricity retailer offers. There is a huge range in solar retail offers and feed in tariffs. Together with the quality of your solar system, these will make the biggest difference in your solar savings and earnings.

What is the timeline for change?

The new rules will take place from 1 July 2025. The guaranteed free options will apply up until 2041—long after any system installed recently or in the near future would have paid for itself.



References

- [Australian Energy Market Commission New Energy Guide](#)
- Solar Analytics blog – Jonathon Dore, March 31, 2021 [Export charges are coming! What does it mean and should you still get solar?](#)
- Solar Quotes blog – August 12, 2021 [Reforms To Support A Smart Solar Future Finalised](#)
- PV magazine Australia – Aug 12, 2021
 - [Chasing the sun – tax-free!](#) – Jeff Angel & Mark Byrne, Total Environment Centre
 - [New rules revealed as AEMC aims to transform network into 'two-way super-highway'](#) by David Carrol

Disclaimer

The information set out has been prepared by Inner West Council in good faith to provide interested parties with general information on the solar export rule determination. Council provides no warranty or makes any representations as to the accuracy of this information and any interested party must conduct its own enquiries.