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RET Talks Welcome – But Outdated Solar Subsidies Should be on the Table

The Energy Networks Association has welcomed bi-partisan talks on a workable Renewable Energy Target scheme, but warned out-dated solar subsidies must be on the table.

ENA Chief Executive Officer John Bradley said key flaws in the Small Scale Renewable Energy Scheme (SRES) need to be addressed to avoid unfair cross-subsidies and higher bills for some consumers.

Mr Bradley said recent analysis by CORE Energy Group demonstrated Government solar policies were a key factor influencing whether retail gas prices will rise or fall in future.

“We would urge Government to look closely at the small scale scheme, as it is difficult to argue either solar panels or solar hot water systems are unproven technology that need to be subsidised by other customers,” Mr Bradley said.

“Solar Panel costs have halved in recent years and we have world leading rates of penetration among Australian households – at what point should Solar PV stand on its own two feet?”

“The Australian Energy Market Commission recently found that customers with solar panels are receiving an unfair network cross subsidy from other customers of up to \$120 per year, even after recognising the financial benefit of solar output to the system,” Mr Bradley said.

Mr Bradley said that many of Australia’s 4.5 million household gas users and 120,000 business gas users would be unaware that the Small Scale Renewable Energy Scheme is pushing up their gas prices.

“The scheme subsidises solar hot water and heat pumps for their reduction in carbon emissions but provides no subsidy to gas hot water systems that achieve equivalent or better outcomes.

“This distorts appliance choices, reduces the number of gas customers and the volume going through gas networks – and that means the SRES increases prices for gas users,” Mr Bradley said.

Mr Bradley said that despite the prediction for eastern Australian wholesale gas prices to double in coming years, residential and commercial gas consumers could pay lower retail gas bills in 2034 if the distortionary subsidies to solar technology were removed.

“Market analysis found that retail gas bills for residential and commercial customers in 2034 would be about \$50 per year (or 5.4%) lower than current levels, with 7% more gas consumed if there was a level playing field.

“These outdated solar subsidies are the dinosaurs of the electricity industry and should be on the table in any discussion about modernising the Renewable Energy Target,” Mr Bradley said.

ENDS.

A copy of the ENA Publication *Taking the Pressure Off Gas Prices* is available [here](#)

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ENA is the peak national body for Australia’s energy networks; and represents gas distribution and electricity network businesses on economic, technical, environment and safety regulation as well as national energy policy issues.