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Solar leasing - another great use of the Integrated Grid

The Energy Networks Association welcomes the recent announcement by the US solar giant, Sun Edison of a new solar leasing offer in the energy market.

Energy Networks Association Chief Executive Officer John Bradley said the solar market in Australia was among the most competitive in the world.

"These kind of innovative products provide another option for customers to take up new energy technologies made possible by the integrated electricity network.

"Australian electricity networks have connected over 1.4 million solar installations and welcome innovative solar products which encourage more consumer choice and the economic use of new technology."

Mr Bradley said it is important consumers carefully assess the costs and benefits of the proposal, which effectively includes a finance product to recover the cost of the solar installation over an extended period.

"There have been reports that a solar lease, at 14 c/kWh, will be "half the cost" of the grid electricity service but customers should be aware this is not an "apples for apples" comparison.

"The solar leasing service will continue to rely on a connection to the grid to maximise the value to the customer – so its costs are really comparable to the wholesale and retail charges which would be lower than 14 c KWh in most States other than Western Australia."

Mr Bradley said trends in technology and business innovation will make the grid a vital platform for a two way exchange of energy and other services.

"Dynamic changes in technology and falling costs will change the way customers use grid services but they will also provide enormous innovation opportunities for networks and other service providers.

"Most of the serious solar companies in Australia and overseas see the integrated grid as vital to their business model and are leveraging the electricity network to create value for customers."

Mr Bradley said this approach recognised that, even with falling technology costs, it would be likely to cost customers 5 to 8 times more to try to replicate a grid service with a stand alone power system.

"The grid is vital to maximising the economic value to a customer of their solar installation today or an investment in storage tomorrow."

Mr Bradley said installed solar costs in Australia had fallen by up to 80% in the last 5 years driven and continued to receive significant subsidies paid for by other electricity users.

"Significant subsidies have driven world's highest penetration rates of rooftop solar but they have also unintentionally exacerbated cross subsidies under outdated electricity tariffs, pushing up costs for other customers," Mr Bradley said.

Sun Edison's leasing initiative received direct assistance from the Australian Government in the form of up to \$70 million in finance from the Clean Energy Finance Corporation.

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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.