

Rural and Regional Adjustment (Solar PV and Battery Energy Storage Systems) Amendment Regulation 2018

Explanatory notes for SL 2018 No. 54

made under the

Rural and Regional Adjustment Act 1994

General Outline

Short title

Rural and Regional Adjustment (Solar PV and Battery Energy Storage Systems) Amendment Regulation 2018

Authorising law

Sections 3, 10, 11 and 44 of the *Rural and Regional Adjustment Act 1994*.

Policy objectives and the reasons for them

The purpose of the subordinate legislation is to enable the Queensland Rural and Industry Development Authority (QRIDA) to provide financial assistance under a scheme to support residential and business electricity customers with the supply and installation costs of eligible solar and battery systems.

The assistance scheme has two objectives: to provide assistance to households and small businesses to make electricity more affordable, including by providing assistance to persons not having access to upfront capital to invest in eligible solar PV and eligible battery energy storage systems; and to help grow a battery energy storage industry in Queensland.

The scheme forms part of the Government's election commitment to deliver the Affordable Energy Plan, which features \$300 million of initiatives, aimed at making electricity more affordable for residential and business customers.

Achievement of policy objectives

The subordinate legislation will achieve its objective by inserting a new Schedule 9 into the *Rural and Regional Adjustment Regulation 2011*, allowing QRIDA to administer the Solar PV and Battery Energy Storage Assistance Scheme (SBESAS). The SBESAS will

consist of three programs: the Solar Program, the Battery Program and the Combined Solar and Battery Program.

The Solar Program will provide a loan to eligible residents up to the value of \$4,500 towards the supply and installation cost of an eligible solar PV system. The maximum term of the loan will be seven years. Eligibility criteria include that at least one of the applicants must be receiving the Family Tax Benefit B. Applicants must also show they had electricity costs at the residential property or previous primary place of residence of at least \$1,000 over the last 6 months or at least \$2,000 over the last 12 months, preceding the application.

There are two levels of assistance available under the Battery Program. The highest level of assistance is a loan and grant for supply and installation costs of an eligible battery energy storage system. The second option is a grant, without a loan, for supply and installation costs of an eligible battery energy storage system. The maximum loan under the program will be \$6,000, and the maximum term of the loan will be ten years. The maximum grant amount available under the program will be \$3,000.

There are also two levels of assistance available under the Combined Solar and Battery Program. The highest is a loan and grant for supply and installation costs of an eligible combined solar and battery energy storage system. The second option is a grant, without a loan, for supply and installation costs of an eligible combined solar and battery energy storage system. The maximum loan under the program will be \$10,000, with a maximum term length of ten years. The maximum grant amount available under the program will be \$3,000.

Residents may be eligible for assistance under these programs if they are natural persons and either Australian citizens or permanent residents of Australia. Applications may be submitted in the names of no more than two persons, and at least one applicant must be the owner or joint owner of the residential property at which the eligible system is to be installed. The residential property must be the principal place of residence for all applicants. Applicants for a loan under the scheme must additionally demonstrate that they can repay the loan.

Small businesses and bodies corporate may be eligible for the grant, without a loan, for supply and installation costs of an eligible battery energy storage system under the Battery Program and Combined Solar and Battery Program. Eligibility criteria for a small business include that it must employ less than 20 full-time equivalent employees, hold an Australian Business Number and must own the business premises at which the eligible system is to be installed.

Several conditions apply to the provision of assistance under the scheme. All loans under the scheme are without interest and fees for the life of the loan, and the loans and grants under the scheme cannot exceed the relevant equipment purchase and installations costs. In addition, all systems must be installed in premises located in Queensland, which are not receiving the Queensland Solar Bonus Scheme. Financial assistance under the scheme will only be available once per applicant and once per residential property or business premises.

Consistency with policy objectives of authorising law

The subordinate legislation is consistent with the objectives of the Act.

Inconsistency with policy objectives of other legislation

The subordinate legislation is consistent with the policy objectives of other legislation.

Alternative ways of achieving policy objectives

An alternative way of achieving the policy objectives would be for the scheme to be administered by the Department of Natural Resources, Mines and Energy. However, it is unable to provide consumer credit products, such as loans.

The *Rural and Regional Adjustment Act 1994* enables QRIDA to give financial assistance to primary producers, small businesses or other elements of the State's economy to benefit the State's economy, including loans. QRIDA has extensive experience in administering grant, loan and rebate schemes for government and is better placed to administer the SBESAS.

Benefits and costs of implementation

The SBESAS will benefit households and small businesses receiving assistance by making their electricity costs more affordable and allow them to better control their power costs by lessening their cost of grid power. The scheme will also provide support for those that do not have access to upfront capital to fund solar and battery projects, and will help to establish and grow a battery industry in Queensland.

The Government's Affordable Energy Plan features a total of \$300 million worth of initiatives. Up to \$21 million of this has been provided to fund the SBESAS.

Consistency with fundamental legislative principles

The subordinate legislation has been drafted with regard to the fundamental legislative principles as defined in section 4 of the *Legislative Standards Act 1992*.

Consultation

The SBESAS was announced in October 2017 after consultation between the former Department of Energy and Water Supply and QRIDA.

Several peak organisations and agencies were consulted about the details of the scheme. These include the Clean Energy Council, the Clean Energy Regulator, Energy Queensland, the Queensland Electrical Safety Office and the Queensland Council of Social Services. The ACT Government was consulted about details of their battery grant scheme. These consultations led to the inclusion of requirements for eligible suppliers, eligible battery systems being pre-qualified by the Department of Natural Resources, Mines and Energy, and requirements for safety inspections of battery systems.

The Department has also sought advice from the Queensland Productivity Commission (the Commission). The Commission advised that the proposal is excluded from further analysis under the *Queensland Guide to Better Regulation* on the basis of category (c) - *regulatory proposals for the internal management of the public sector or statutory authority*.