

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to make the following changes with respect to the solar bonus scheme (being the scheme for the payment of electricity supplied to the network by small retail customers using complying generators):

- (a) reducing the tariff paid (from \$0.60 per kilowatt hour to \$0.20 per kilowatt hour) to new small retail customers who join the scheme,
- (b) stopping payments under the scheme to persons who join the scheme after the total generating capacity under the scheme has reached 300 megawatts,
- (c) providing for the provision of information by statutory declaration to prove a person's eligibility to have a credit recorded under the scheme,
- (d) requiring a person to provide notice of any change of circumstances that may affect the person's eligibility to have a credit recorded under the scheme,
- (e) changing the frequency at which distribution network service providers are to provide information about the scheme,
- (f) permitting a small retail customer to elect to receive a credit under the scheme for the net rather than the gross electricity supplied by the customer,

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- (g) providing for 2 further reviews of the scheme by the Minister for Energy,
- (h) providing that compensation is not payable by the State in relation to the scheme or changes to the scheme.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act at the beginning of the day following the day on which this Bill is first introduced into Parliament.

Schedule 1 Amendment of Electricity Supply Act

1995 No 94

Schedule 1 [1] reduces the rate at which a credit is recorded in respect of a small retail customer to \$0.20 (or such other amount as may be prescribed by the regulations) per kilowatt hour for electricity that is produced by a complying generator and supplied to the distribution network by the small retail customer.

Schedule 1 [4] permits the regulations to contain provisions of a savings or transitional nature consequent on the making of a regulation that prescribes a different amount. **Schedule 1 [10] and [11]** make consequential amendments.

Schedule 1 [12] provides that the old higher rate of \$0.60 per kilowatt hour continues to apply to electricity that a small retail customer supplies to the distribution network using any of the following:

- (a) a complying generator that was first connected to the distribution network before the commencement of the proposed Act,
- (b) a complying generator that was first connected to the distribution network after that commencement if:
 - (i) before that commencement the small retail customer concerned purchased or leased the generator or entered into a binding agreement to purchase or lease the generator, and
 - (ii) no later than 21 days after that commencement, the distribution network service provider received an application made by or on behalf of the small retail customer for the connection of the generator to the distribution network, and
 - (iii) any requirements of the regulations as to evidence to be provided in connection with the requirements above have been complied with,
- (c) a complying generator connected in circumstances prescribed by the

regulations,

(d) a complying generator that replaces a generator referred to above at the same premises that is of no greater capacity than the generator that is replaced.

However, that higher rate ceases to apply in respect of electricity produced by a generator if the capacity of the generator is increased. The higher rate also ceases to apply, subject to the regulations, if there is a change in the person in respect of whom a credit is recorded for electricity produced by the generator.

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apply, subject to the regulations, if there is a change in the person in respect of whom a credit is recorded for electricity produced by the generator.

Schedule 1 [2] and [3] require a distribution network service provider to provide information under section 15A (7) of the *Electricity Supply Act 1995* (the **Principal Act**) to the Minister for Energy (the **Minister**) and the Director-General of the Department of Industry and Investment at such times as may be prescribed by the regulations rather than on a 6 monthly basis.

Schedule 1 [4] permits the Director-General of the Department of Industry and Investment or a distribution network service provider to require a person to provide information by statutory declaration in order to determine the person's eligibility to have a credit recorded for electricity supplied to the distribution network. It also creates an offence (maximum penalty \$110,000) if a person fails to notify a distribution network service provider of any change in the person's circumstances that may affect the person's eligibility to have any such credit recorded by the provider. The notification is required to take place within 7 days after the change.

Schedule 1 [4] also permits the Minister to declare, by notice, that, as from a specified date, no payments will be made under the solar bonus scheme in respect of new applicants. A notice can be published only if the Minister is satisfied that the total generating capacity of all complying generators installed and connected under section 15A of the Principal Act has reached 300 megawatts. A distribution network service provider is not to record a credit, and a retail supplier is not to pay an amount, under the scheme in respect of electricity produced by a generator that is first connected to the distribution network on or after the date specified in any such notice.

Schedule 1 [5] provides for the repeal of section 34A of the Principal Act at the same time that section 15A of that Act is repealed.

Schedule 1 [6] provides that compensation is not payable by or on behalf of the State in relation to the enactment, making or operation of the *Electricity Supply Amendment (Solar Bonus Scheme) Act 2009* or the proposed Act (including a provision inserted into the Principal Act by either of those Acts and an instrument made under any such provision).

Schedule 1 [7] and [8] provide for 2 further reviews of the solar bonus scheme by the Minister. The first is to be undertaken as soon as possible after 1 July 2012 and is to consider whether the policy objectives of the scheme remain valid and whether the terms of the Principal Act remain appropriate for securing those objectives. The second is to be undertaken as soon as possible after 31 December 2016 and is to consider whether the scheme achieved its policy objectives.

Schedule 1 [9] permits the regulations to contain provisions of a savings or transitional nature consequent on the enactment of the proposed Act.

Schedule 1 [12] also permits a small retail customer to elect to receive a credit on a net basis for electricity that is produced by a complying generator and supplied to the distribution network by the small retail customer (that is, for electricity supplied to the distribution network in excess of that being used by the customer).