


Out of scope



6 **Cabinet Notes for Discussion**

Out of scope



604 EFFECT OF AUSTRALIAN GOVERNMENT'S \$1000 REBATE ON THE SA SOLAR HOT WATER REBATE SCHEME (Patrick Conlon) - NOTED

Out of scope



TO: THE PREMIER FOR CABINET TO NOTE

RE: EFFECT OF AUSTRALIAN GOVERNMENT'S \$1000 REBATE ON THE SA SOLAR HOT WATER REBATE SCHEME

## 1. PROPOSAL

- 1.1. That Cabinet note the following anticipated effects of the recently announced Australian Government rebate scheme for solar hot water installations on South Australia's solar hot water rebate scheme and the measures that will be taken to manage this impact.

## 2. BACKGROUND

- 2.1. On 16 July 2007, the Australian Government announced a \$1,000 rebate for solar water heaters replacing electric storage systems in established residential dwellings for the next five years.
- 2.2. South Australia has a similar program, with a budget of \$1.8 million per annum, to subsidise the installation of solar hot water systems in domestic dwellings (both for new homes and replacement systems) that are the applicant's principle place of residence. Most rebates are paid at \$700 per system while a very small percentage are paid \$500 for smaller single panel units.

## 3. DISCUSSION

- 3.1. The recent introduction of the new Australian Government solar hot water rebate program, and recent recovery of the value of Renewable Energy Certificates (RECs), is expected to increase the rate at which existing electric storage hot water systems are replaced with solar systems.
- 3.2. This will increase the demand for state based rebates from this financial year onward, thereby having a potential adverse impact on the Department for Transport, Energy and Infrastructure's (DTEI) budget position.
- 3.3. As a key initiative to assist in meeting South Australia's Strategic Plan target 3.14 – increase the energy efficiency of dwellings by 10% by 2014, Cabinet will be asked toward the end of 2007 to approve the introduction of a greenhouse gas and flow rate performance standard for water heater installations in dwellings from July 2008. This will expand on the current greenhouse gas performance standard for hot water systems in new housing and major renovations where reticulated gas is available.
- 3.4. Given that the proposed performance standard is likely to result in an increase in solar hot water systems installed, the proposal includes a recommendation to recast the current SA Government's solar hot water rebate scheme from July 2008 to assist low-income households meet the proposed performance standard.

*Options to manage budget impacts*

3.5. There are a number of potential options that could be adopted to manage the potential budget impacts from the new Australian Government rebate:

- 3.5.1. Continue to process and pay rebates at current \$700 level until the \$1.8 million cap is reached. This option is not preferred because of the uncertainty and potential negative impact on both applicants and the installation industry;
- 3.5.2. Revise the eligibility criteria during 2007/08 to be consistent with the proposed criteria to apply from July 2008 as part of the greenhouse performance standard for water heaters;
- 3.5.3. Revise the rebate level downward from \$700 so that the expected number of applications for the remainder of 2007/08 can be accommodated within remaining available funding; or
- 3.5.4. A combination of the above.

*Proposed approach*

3.6. It is proposed that the level of demand for South Australian rebates will be closely monitored by DTEI and if it appears that it will increase beyond the available funding, then the following measures will be introduced:

- 3.6.1. Revise the eligibility criteria during 2007/08 in line with the recast proposed from July 2008. This would involve limiting eligibility for rebates to low income households; and
- 3.6.2. Revise the rebate level downward from the existing \$700 level so that the expected number of applications for the remainder of 2007/08 can be accommodated within remaining available funding.

**4. RECOMMENDATION:**

That Cabinet notes:


4.1. The advice on the expected effect of the Australian Government's \$1,000 solar hot water rebate on the current SA solar hot water rebate scheme and the measures proposed to manage the increased demand depending on the level of demand experienced.

  
**HON PATRICK CONLON MP**  
**MINISTER FOR ENERGY**

23 October 2007

*In Cabinet*

29 OCT 2007

NOTED  
  
 PREMIER