Renewable energy certificates

Initiated by the Renewable Energy (Electricity) Act 2000; RECs, otherwise known as Renewable Energy Certificates, are available when you buy qualifying solar hot water, solar/wind power systems or solar panels. You can receive cash back on your purchases by selling the RECs or use them as a point of sale discount from your installer.

The RECs system was originally implemented to encourage an additional 9,500 Gwh of renewable energy generation per year by 2010 as part of the Renewable Energy Target. Renewable Energy Certificates will play an even greater role in the recently announced renewable energy targets to be achieved by 2020 via the Solar Credits Program.

How the new Renewable Energy Target works

- The government has implemented a target of 20% renewable energy sourced electricity by 2020
- The current RET requires 9500 GWh of renewable energy to be delivered by energy companies
- The 20/20 target requires 45000 GWh
- 1MWh of energy equals 1 REC, so 45,000,000 RECs will be generated to meet the 2020 target
- To meet the target, energy companies must surrender RECs into their holding account at the end of every calendar year at an amount representative to 20% of their market share
- If energy companies don't put sufficient RECs into the holding account, the company is fined at a rate much higher than the REC value

RECs - renewable energy currency

One REC is equivalent to one megawatt hour of electricity generation. A renewable energy certificate can be traded for cash and the value of these certificates fluctuates according to market conditions. Basically, a REC is a form of renewable energy currency and you can sell your RECs to the installer and use the money as a point of sale discount on items you buy!

Owners of systems can claim RECs themselves by completing the appropriate application forms. However, this can be confusing and time consuming, so most people choose assigning their right to claim RECs to an agent which is a very simple process.

By taking advantage of Renewable Energy Certificates, a substantial amount of money can be saved when you buy wind and solar power equipment!
RECs and the Solar Credits scheme

The Australian government recently launched the Solar Credits scheme for grid connect and off grid wind and solar power systems.

The Solar Credits program is based on the Renewable Energy Certificate system, but with a certificate multiplier incentive offering up to 5x the usual number of RECs issued for solar power systems up to 1.5kW for grid connected systems and up to 20kW for off-grid. The multiplier incentive reduces by one each year in July.

Depending on where you live and if you choose to cash in your RECs, this can represent massive savings! The amount will vary between providers not only based on where you live, but according to REC market value; which fluctuates.

The new program replaces the previous rebate and is available to just about every Australian household, business and community group. By increasing the number of RECs issued with qualifying components and systems, the Australian government hopes to achieve a goal of 45,000 gigawatt-hours (GWh) of electricity via renewable means such as solar, wind and geothermal by the year 2020; although has been no adjustment to the target to represent the "phantom" certificates created.

Please note: for the purposes of RECs calculations, Australia is divided up into various zones based on how much renewable energy can be generated by a solar panel in a given area. You can determine your zone using this table (attached). The zoning for solar panels is different to zoning for solar hot water systems.

Solar and wind power RECs rebate

Energy Matters offers Australian Commonwealth Government's RECs as a point of sale discount on all eligible renewable energy systems we install. By offering a point of sale discount, we can save you the time and hassle of the application process related to the generation of renewable energy certificates.

Please note: a GST paying customer (any business or tax paying entity that is not a final consumer) will need to provide a tax invoice for the value of the RECs plus GST prior to the installation taking place. This will allow the installer to subtract the value of the RECs from the point of sale amount of the system.

The environmental implications

There's been a great deal of criticism that the Renewable Energy Certificate system does not provide substantial reduction in greenhouse gas emissions, that all it does is to allow companies to pay to pollute.
The "phantom" additional multiplier RECs issue aside (which only applies to the Solar Credits scheme); when you install solar and sell your RECs (or use their value as a point of sale discount), you are essentially selling the right to own the renewable energy (carbon dioxide emission reduction) delivered from that technology to an energy company who will buy those RECs in order to meet their obligation.

However, it’s very important to bear in mind you are supporting the country to meet the mandated Government targets and helping to support the Australian solar industry. This not only means more green jobs, but increased uptake of solar power drives costs of supply and installation down so that solar can become more competitive with traditional fossil technologies. In a nutshell, more solar generated electricity = less coal fired power generation required.

If you choose to retain your RECs by paying full retail price, congratulations - you are in the "ultra-green" zone as you are supporting Australia to go above and beyond the 2020 target!

Australia's Renewable Energy Certificate system, particularly the Solar Credits multiplier, is far from perfect; but it's a start and is a basis upon which to work from and improve. Without it, solar power would continue to stay out of reach of many; see our industry stagnate and new development severely impeded.

Despite the limitations of the RET and of the RECs system, a decision to install solar now:

- sustains a fledgling industry for its significant role in Australia’s future sustainability
- creates sustainable consumers by effecting behavioural change through awareness
- empowers communities to be part of the solution the global climate crisis
- leads mainstream uptake of environmental technologies, driving affordability and future capacity
Calculating the number of RECs you will create:

System size x zone rating x multiplier x deeming period (the REC multiplier is calculated over a deemed 15 year period that the panels should be operating – in truth they will operate for far longer)

Until end June 2011 - 1.5kW x 1.536 x 5 x 15 years = 173 RECs

Until end June 2012 – 1.5kW x 1.536 x 4 x 15 years = 138

This is 35 RECs less than 2011 (at $40 each) = $1,400 less

If you sell them to the official site: Office of Renewable Energy Regulator, you receive the fixed price of $40 per certificate. This can be a time consuming job.

Your installer usually does the work for you, but more than likely gives you less than $40 per certificate, and takes that amount off the cost of the system. This is the easiest way to go for most people. But, if you have the time and patience, you can sell them yourself and save yourself a few hundred dollars.