

Media Release

Solar energy and energy efficiency major contributors to falling power consumption

Escalating use of solar energy and energy efficiency are making a material contribution to reducing power consumption and reducing wholesale power prices across the National Electricity Market (NEM) according to a new report released by the REC Agents Association (RAA) today.

Over the last three years electricity consumption in the eastern states NEM has fallen by 3.2 % (6,565 GWh).

More than half of the reduction has been due to the installation of solar power and solar hot water systems supported by the Australian Government's Renewable Energy Target, and energy efficiency activities supported by the Victorian and NSW energy savings schemes.

Australians have embraced solar with one in five families having either a solar power or solar hot water system.

The report prepared by Green Energy Markets shows that renewable energy and energy efficiency schemes saved 3,455 GWh in 2011 (1.7% of total electricity consumption). The contribution from solar energy and energy efficiency under these schemes is set to treble over the next three years so that by 2015 electricity consumption will be reduced by more than 5% (around 10,664 GWh).

"Market based schemes such as the Renewable Energy Target and the Energy Savings Schemes have been successful in the large-scale deployment of greenhouse reduction technologies and have done so in a way that reduces costs to customers", said Ric Brazzale, author of the Report and the President of the RAA.

"It is the cost of transporting the electricity through monopoly network businesses that is out of control. The cost of actually producing the electricity is falling. Rising residential power prices have been caused by massive network investment (poles and wires) which has been passed on to consumers through higher charges. Government schemes that support solar and energy efficiency have been successful in keeping a lid on wholesale power prices (which are at their lowest level in real terms for more than 10 years)", he said.

"The cost impact of these schemes is modest and only contributes marginally to expected increases in electricity prices. These schemes do however deliver lower wholesale prices which benefit all consumers."

"The challenge faced by policy makers is to address the runaway growth in network investment and to reduce rising peak summer demand caused by the installation of in-efficient air conditioners."

"We have reduced power consumption now we need to turn our attention to reducing peak summer demand. The introduction of mandatory targets for electricity network businesses to reduce peak demand through investment in better and more efficient technologies that reduce peak demand would be a good start".

The RAA is a national not-for-profit industry association that represents registered agents that create Renewable Energy Certificates and other Environmental Credits.

For further information, please contact Ric Brazzale on 0419 522 659 or Fiona O'Hehir on 03 9845 3007. The report can be downloaded at www.recagents.org.au

Fact Sheet

1. Contribution of market based schemes on reducing NEM power consumption

Electricity avoided (GWh per annum)	2011	2015
SWH - RET	1,181	1,839
Solar PV - RET	1,180	3,460
Victorian – Energy Efficiency Scheme	667	3,393
NSW - Energy Efficiency Scheme	427	1,972
Total	3,455	10,664
Share of Total Electricity	1.7%	5.0%

2. Composition of electricity prices (2010/11, AEMC)

	Cents/kWh	% of Total
Green schemes	1.22	5.4%
Transmission	1.73	7.7%
Distribution	8.35	37.3%
Wholesale	7.74	34.6%
Retail	3.36	15.0%
Total	22.40	100.0%

Residential electricity prices, according to the Australian Energy Market Commission (AEMC) are expected to increase by 37% over the three year period to 2013/14. The largest contributor to the increase is distribution charges which account for 34% of the increase, the carbon price accounting for 21% and green schemes accounting for only 10%.

3. Solar in Australian homes

The Renewable Energy Target (RET) scheme, supported by all political parties, has been critical to bringing solar to Australian families. Almost 1.5 million Australian households have either a solar photovoltaic (PV) or solar hot water system as a result of the RET.

Number of systems claiming certificates under the RET (as at 31 March 2012)

Solar PV: 665,215 systems (10.4% of separate or semi-detached homes)
 Solar hot water : 723,923 systems (11.3% of separate or semi-detached homes)