

# Solar Industry in transition ... will installs continue to fall?

Ric Brazzale  
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Enlightening environmental markets



Green Energy  
Markets

## 1. What will the solar market look like from now on?

- Review of key factors impacting future supply
- Solar PV industry to progressively decline
- SWH market to recover modestly

## 2. Will we meet the 2013 Target?

- Currently tracking behind whe

PV in the city of churches



# Key factors impacting supply

- Policy and regulations substantially settled, though election outcome important
- STC price has recovered and less volatility expected
- PV system costs have fallen considerably and expected to stabilise
- High PV saturation levels being achieved in some states

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# Policies settled?







- Feed-in tariffs now phased out in most states
- Residual systems under Qld SBS substantially installed
- RET Review now complete?
- Deal with political/election related issues in final session

# RET Review – key STC impacts

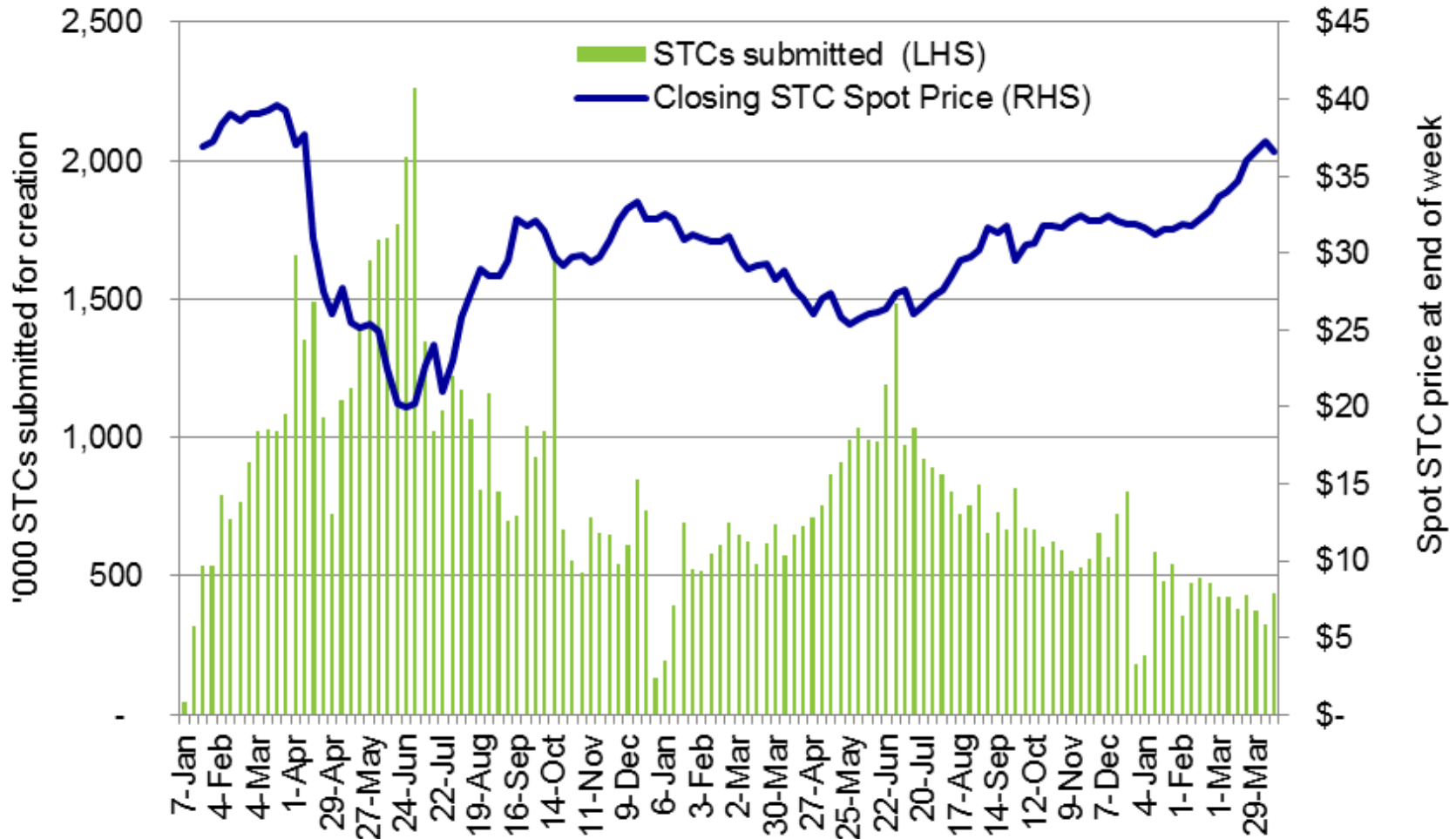
- Systems greater than 10kW to be LGCs (create certificates 5 years at a time)
- Phasing out deeming to end of scheme (ie. for PV will only get 10 years for systems installed in 2021)
- Clearing house to be deficit only (makes it easier for Minister to reduce \$40 STC price)
- Future reviews every 4 years (not 2 years)
- Remove admin requirements (OOPEs and generation returns)
- Early release of Target



# RET Review – Govt response

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# STC price recovered



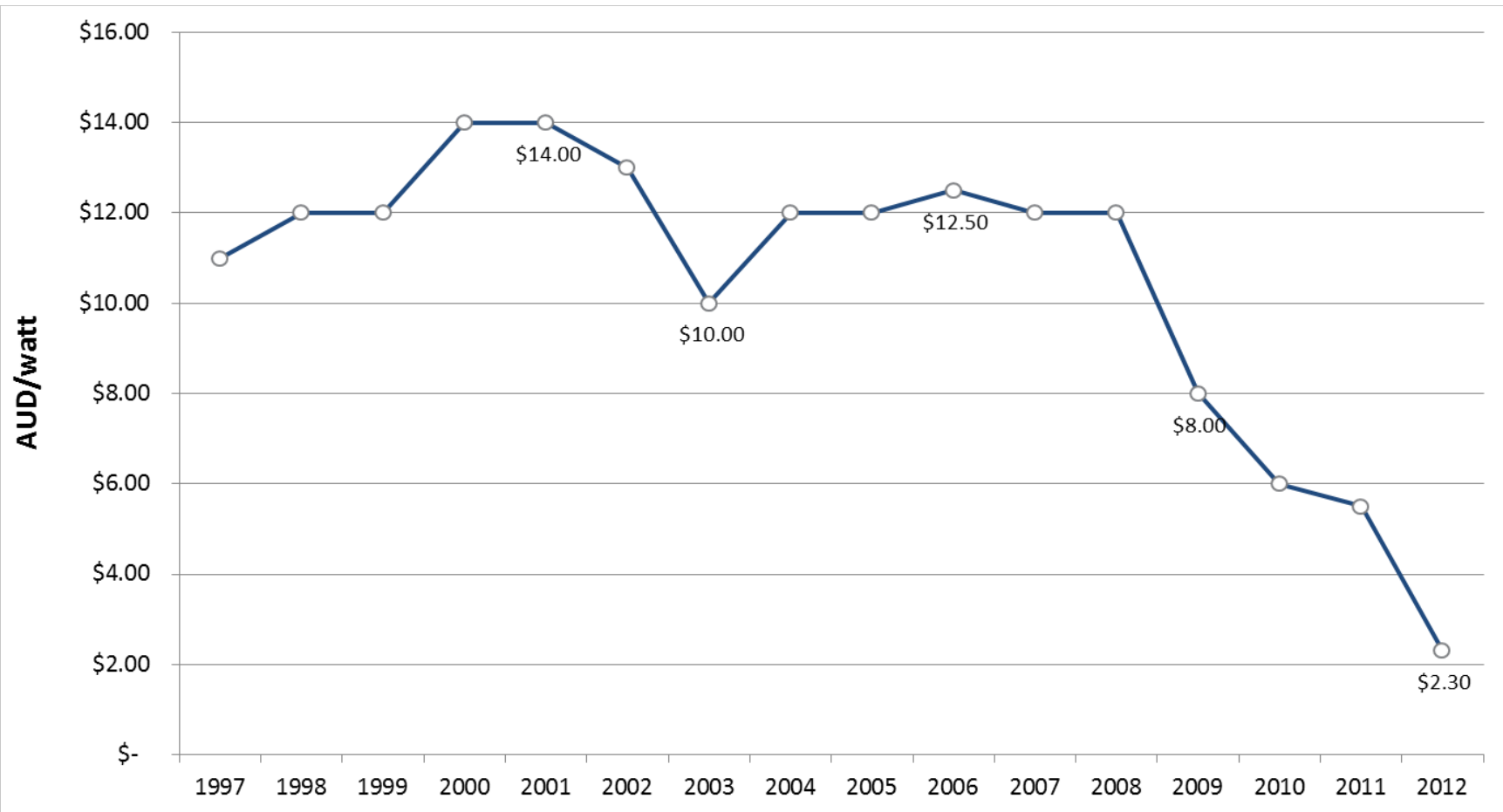
Expect price to move to \$38 or so



# PV system costs fallen dramatically

## PV system price history (<5kW)

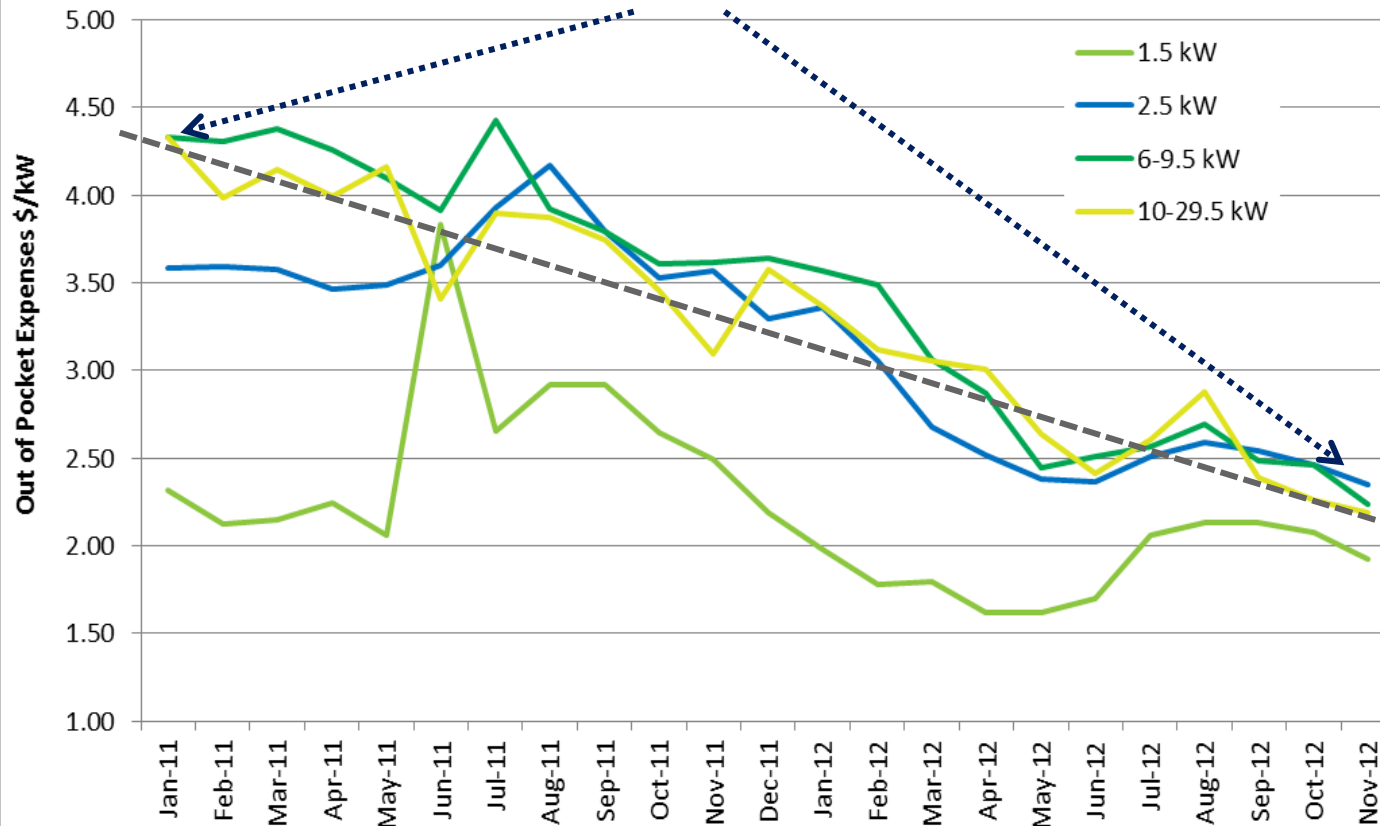
Source: GEM Report for CER STC Modelling SolarBusinessServices



# Net cost to customers has halved over last two years

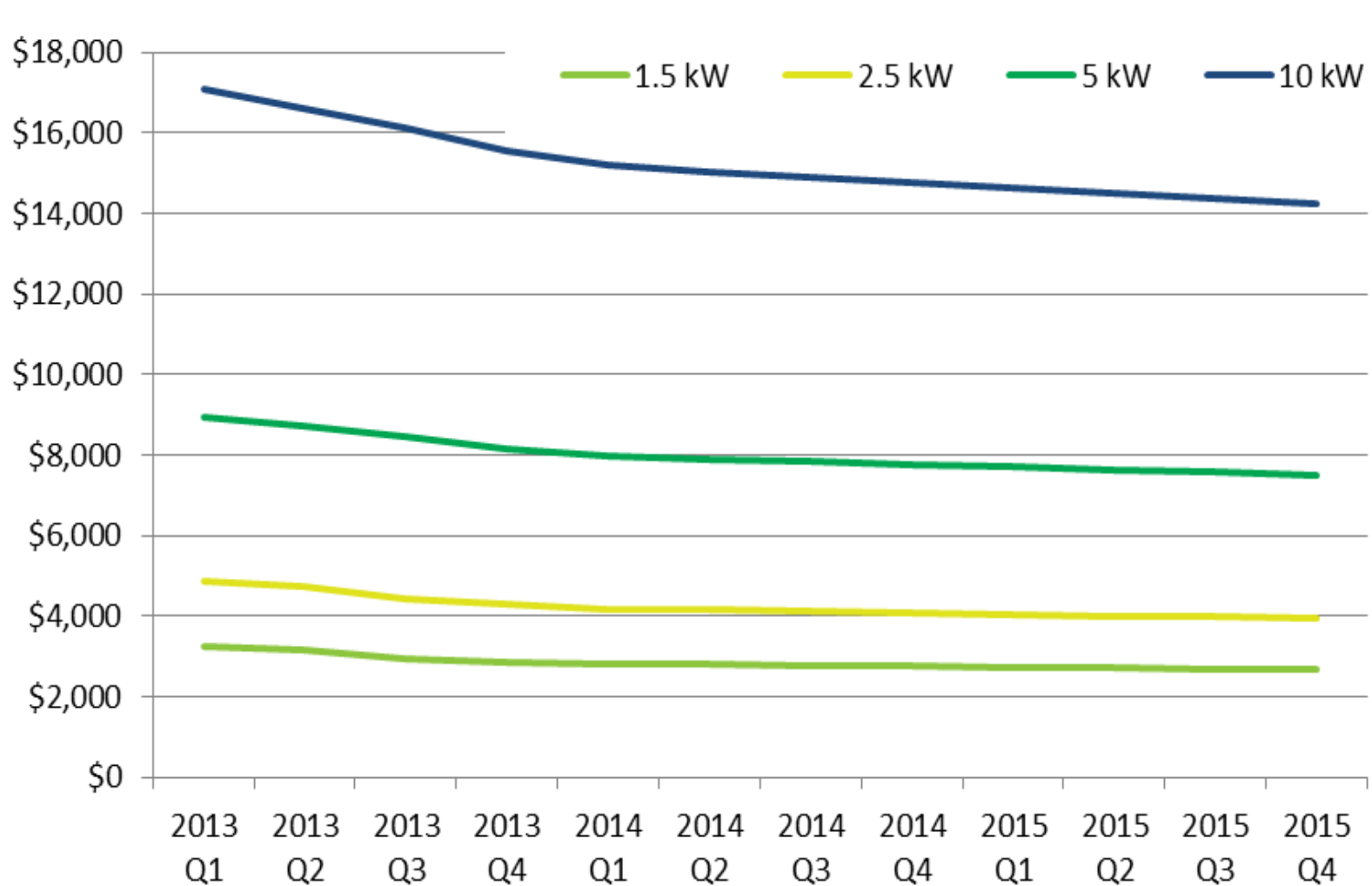
## Out of Pocket Expenses (CER) – GEM STC Modelling Report

Track 10-29.5kW range as less impacted by Multiplier

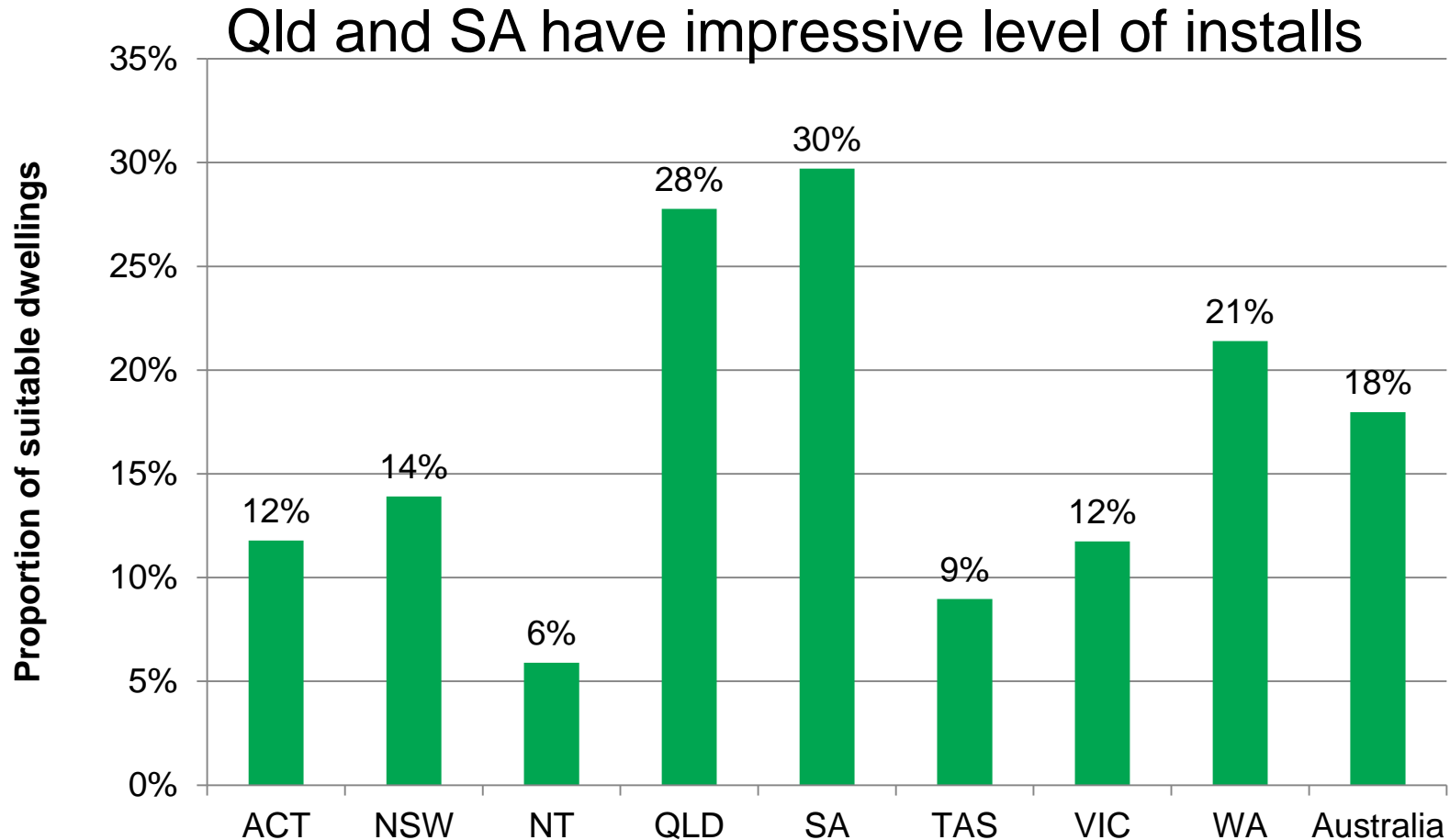


# PV cost to customers to stabilise

Includes impact of STCs (GEM STC Modelling Report)



# High PV saturation rates



Source: CER Postcode data (systems submitted as at 5 April 2013)  
system price history (<5kW)

Suitable dwellings = owner occupied detached and semi-detached homes



Small-scale technology certificates  
data modelling for 2013 to 2015

Report to the Clean Energy Regulator

February 2013

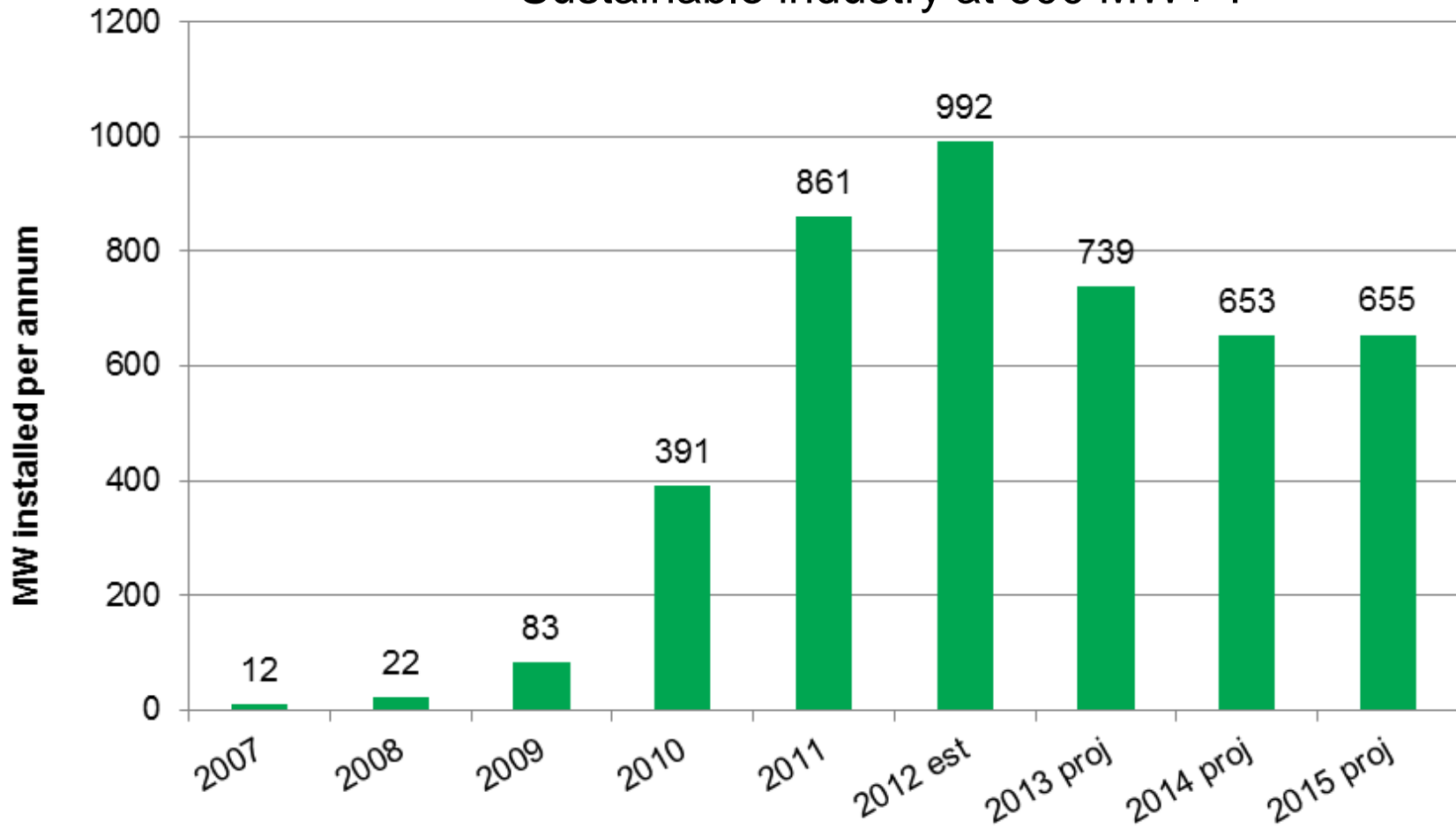
Green Energy Markets  
2 Donville Ave Hawthorn VIC 3122  
T: 03 9805 0777 F: 03 9815 1066  
admin@greenmarkets.com.au  
www.greenmarkets.com.au

**Our assessment based  
on data modelling report  
for the CER (Feb 2013)**

**[www.greenmarkets.com.au](http://www.greenmarkets.com.au)**

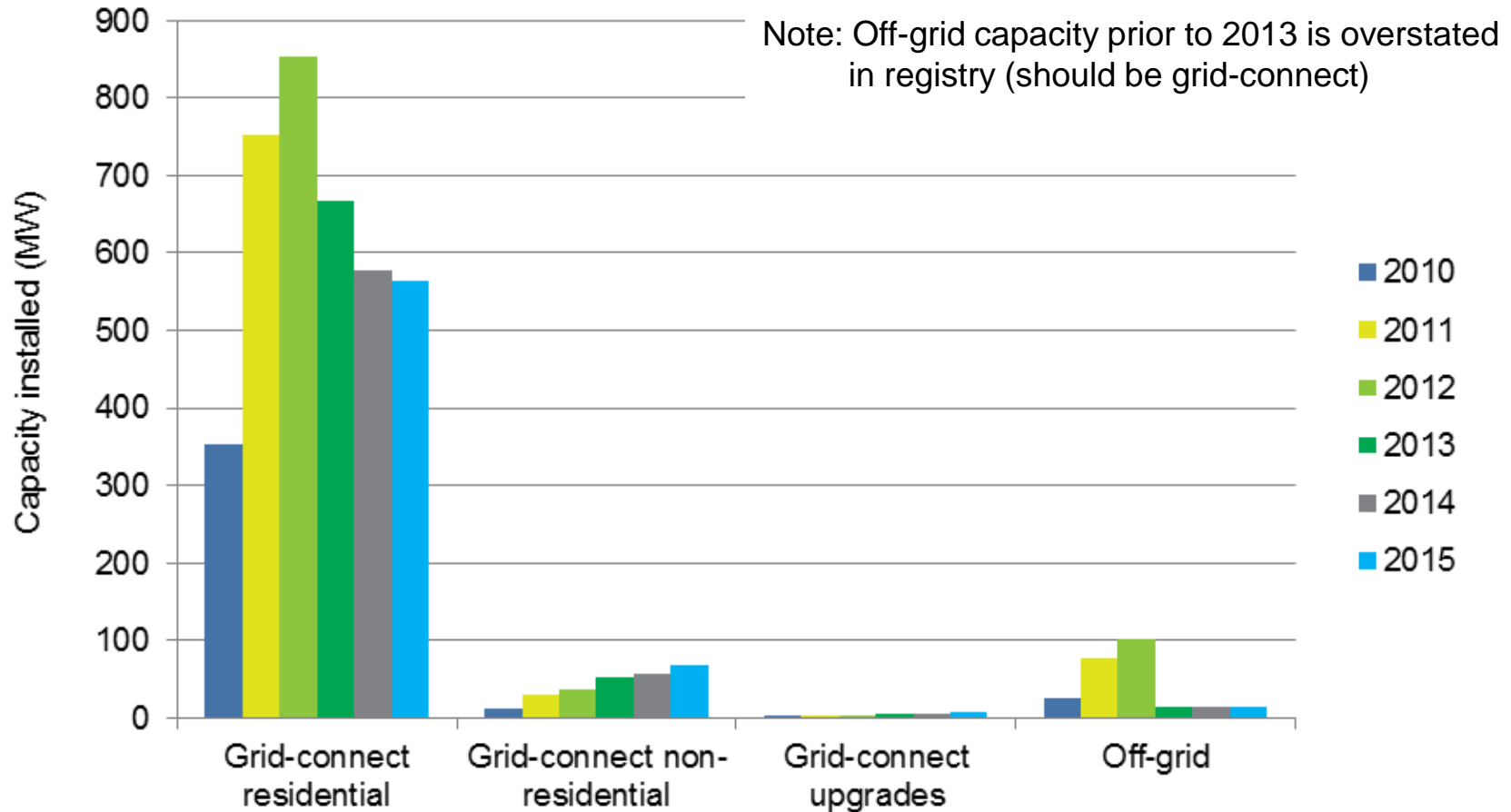
# PV industry to progressively decline

- 25% reduction from 2012 levels
- Sustainable industry at 600 MW+ ?



Note: only considering systems less than 100kW capacity

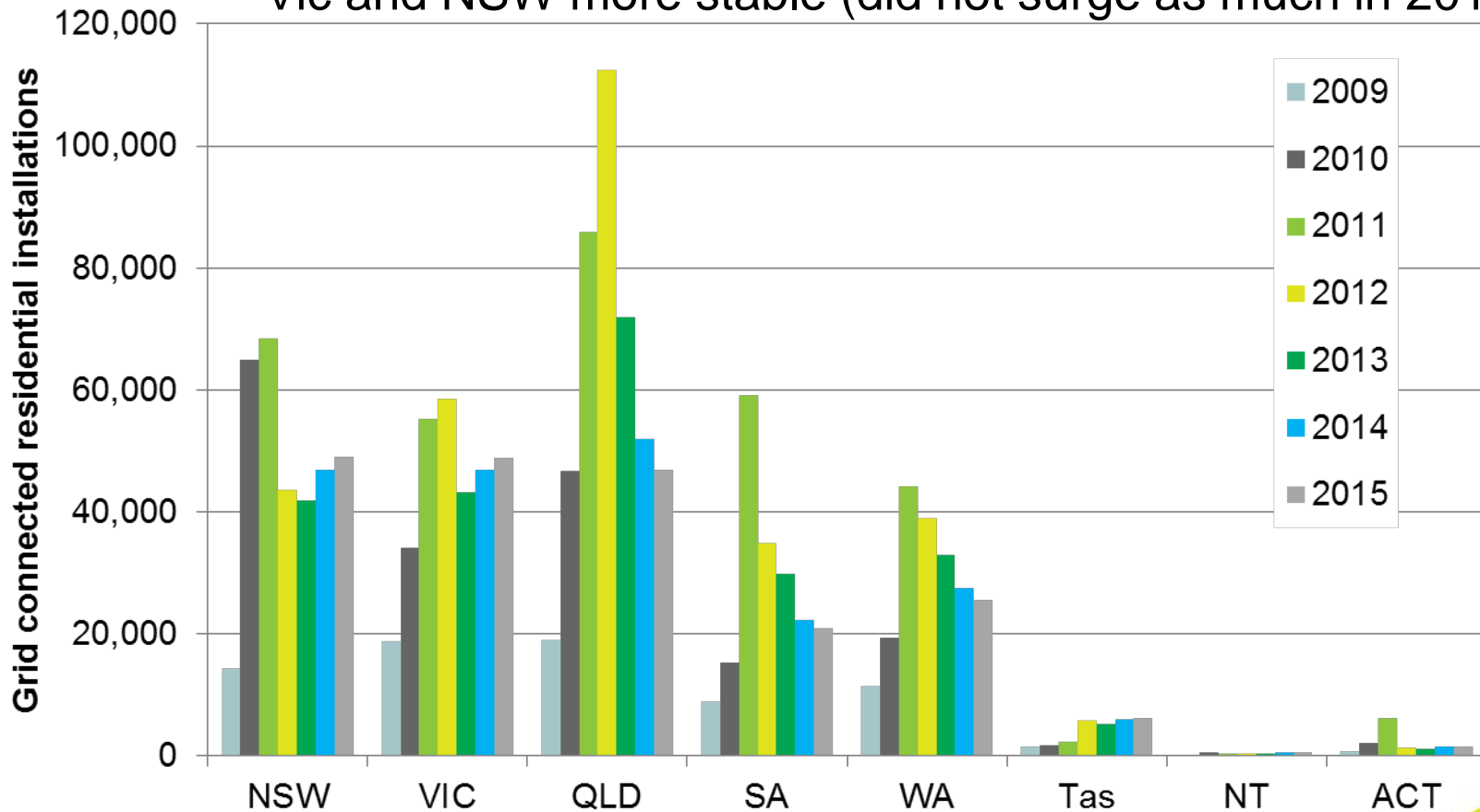
# 4 market sectors considered



- Australian market dominated by residential sector (<10kW)
- Residential market to contract
- Non-residential ie. commercial >10kW expected to increase but from a small base

# Grid-connect residential systems

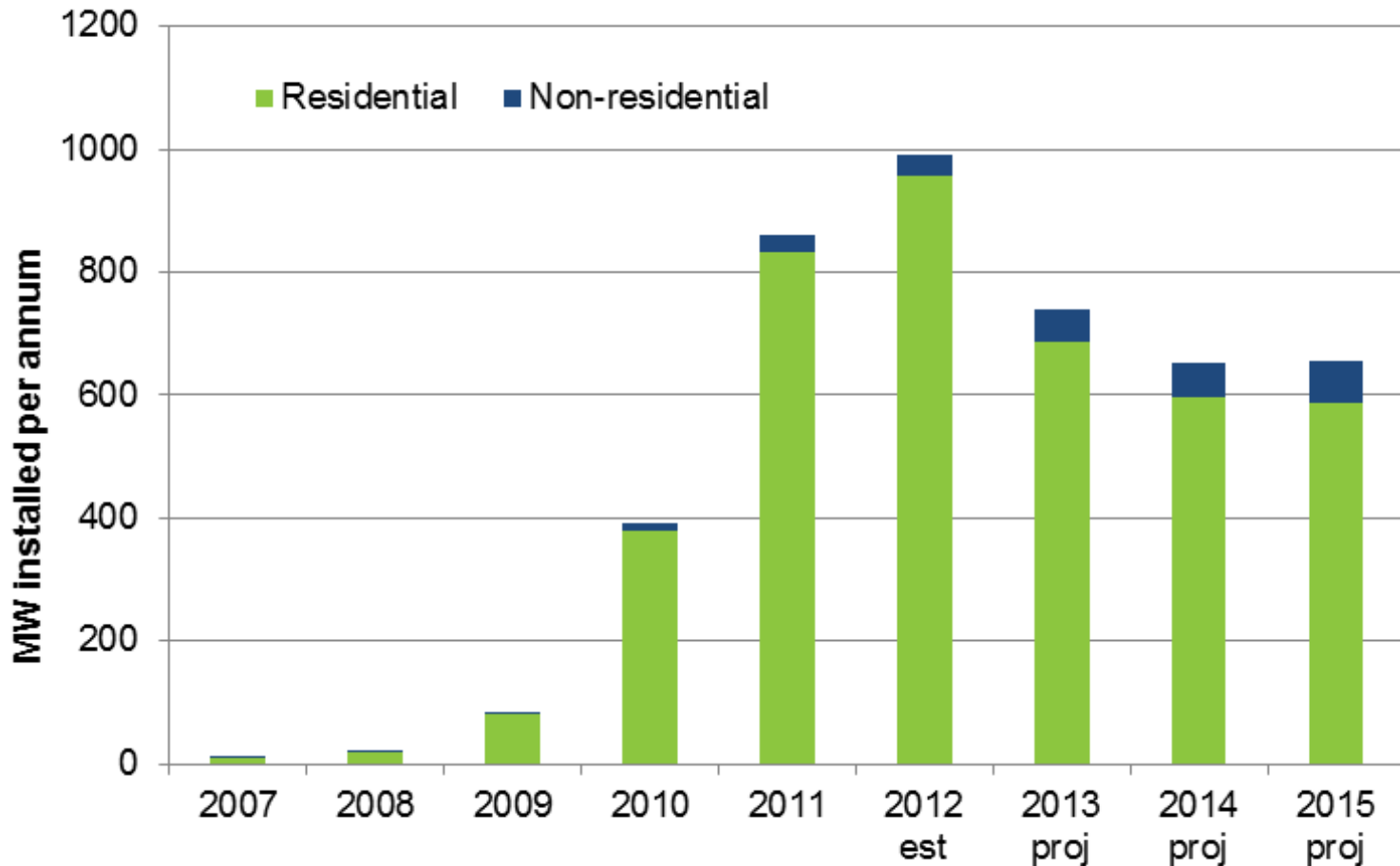
- Qld and SA expected to fall considerably
- Vic and NSW more stable (did not surge as much in 2011/12)



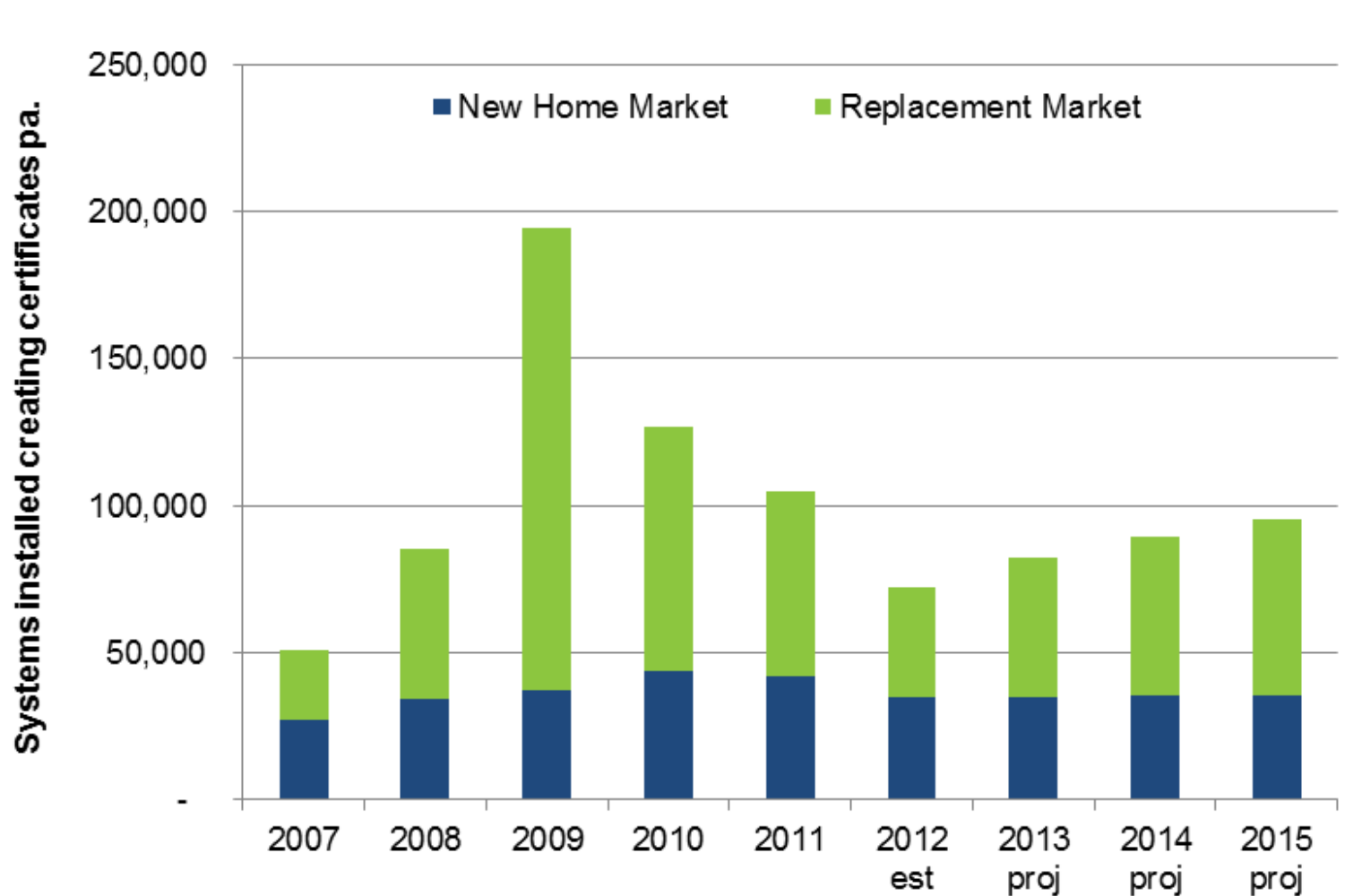


# Commercial market only small

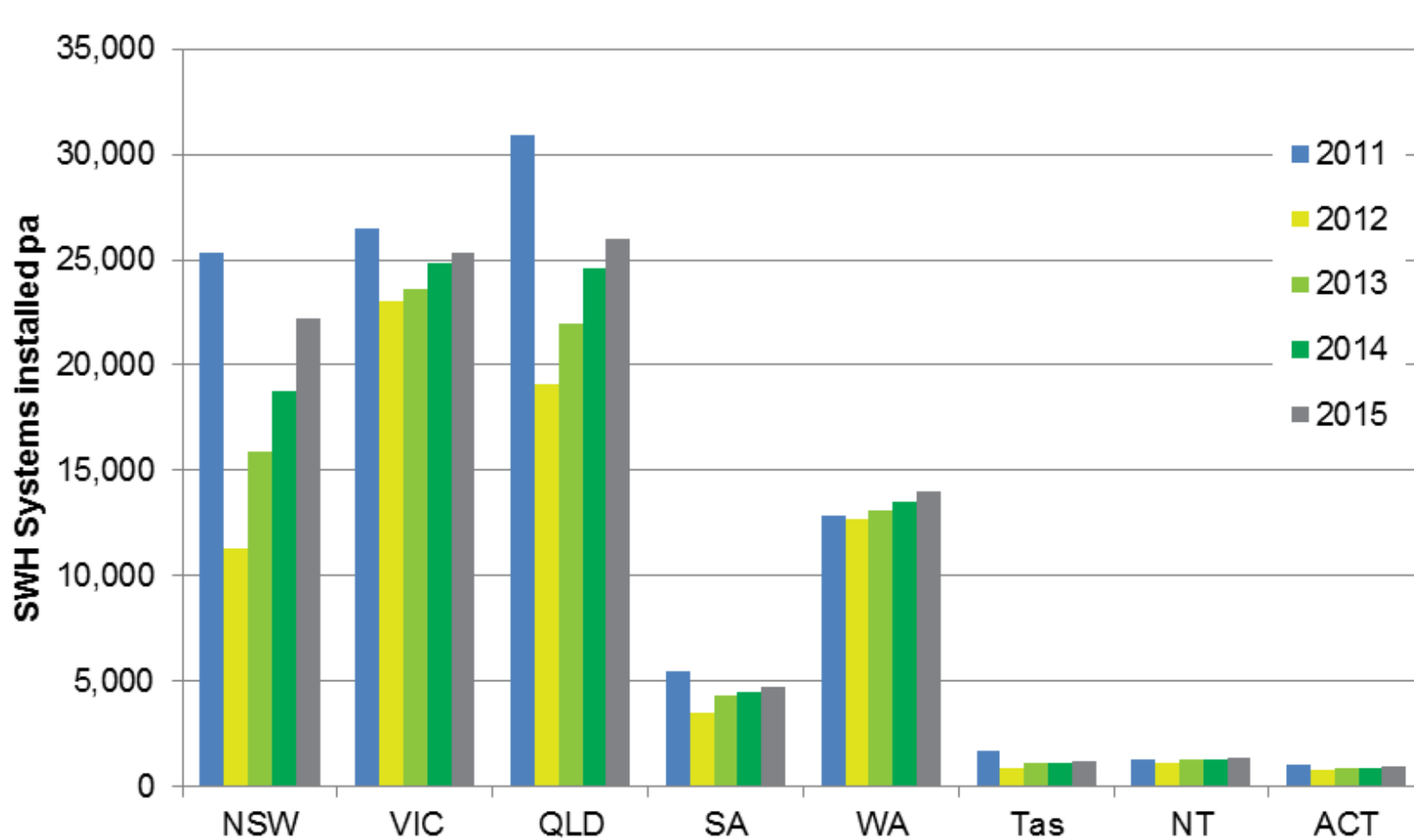
- Commercial market offers attractive paybacks but is hard
- Suffers from barriers similar to energy efficiency activities



# SWH market to recover



# SWH market by state



# Will we meet the 2013 target?

- **Record to date of setting STC target is terrible**
  - 22.5m oversupply in 2011 (80% over)
  - 15.0m oversupply in 2012 (67% over)
  - continuing this time series.....
  - 7.5 m oversupply in 2013 (36% over) ??
- **What is different now?**



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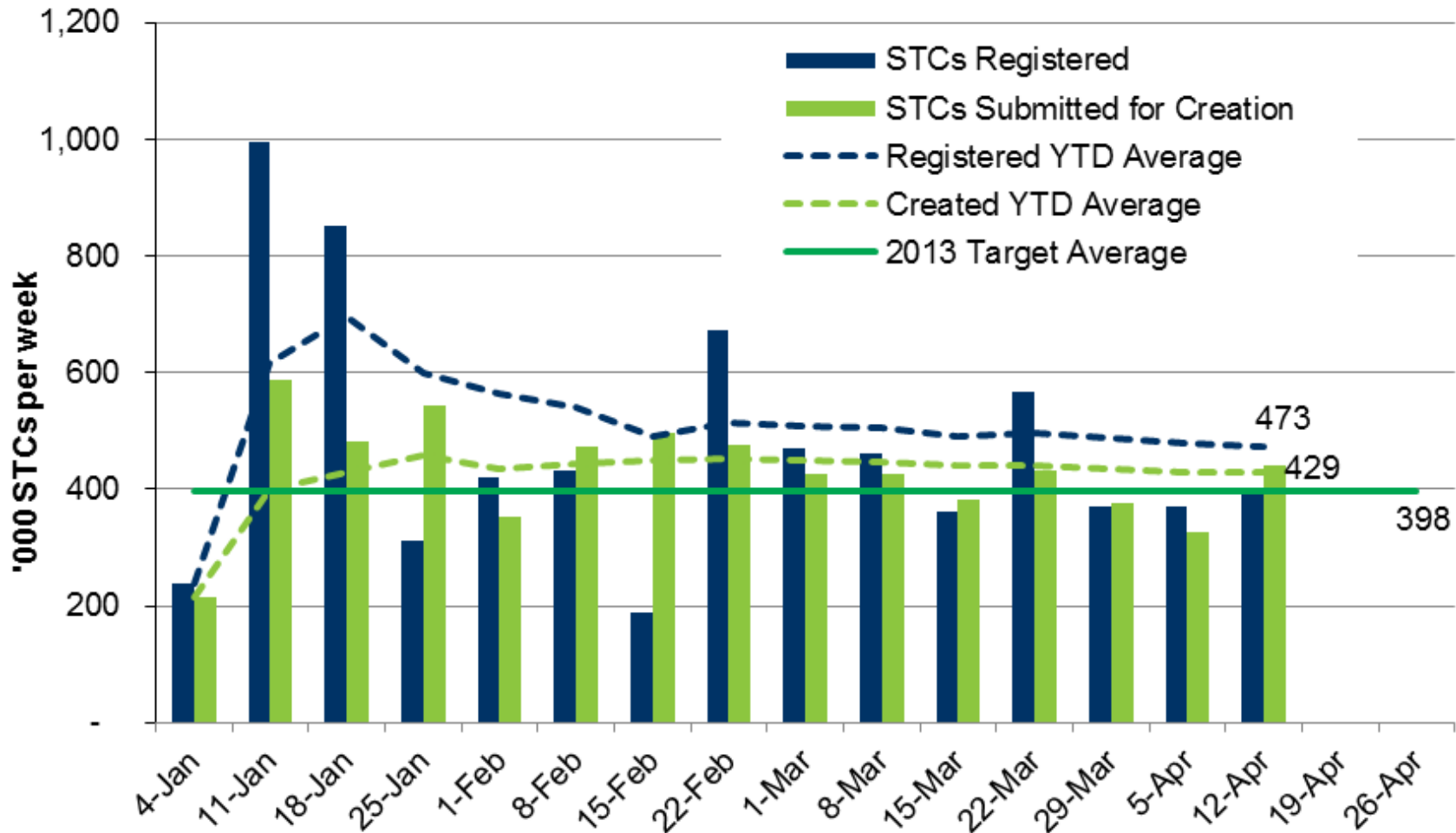


- **What is different now?**

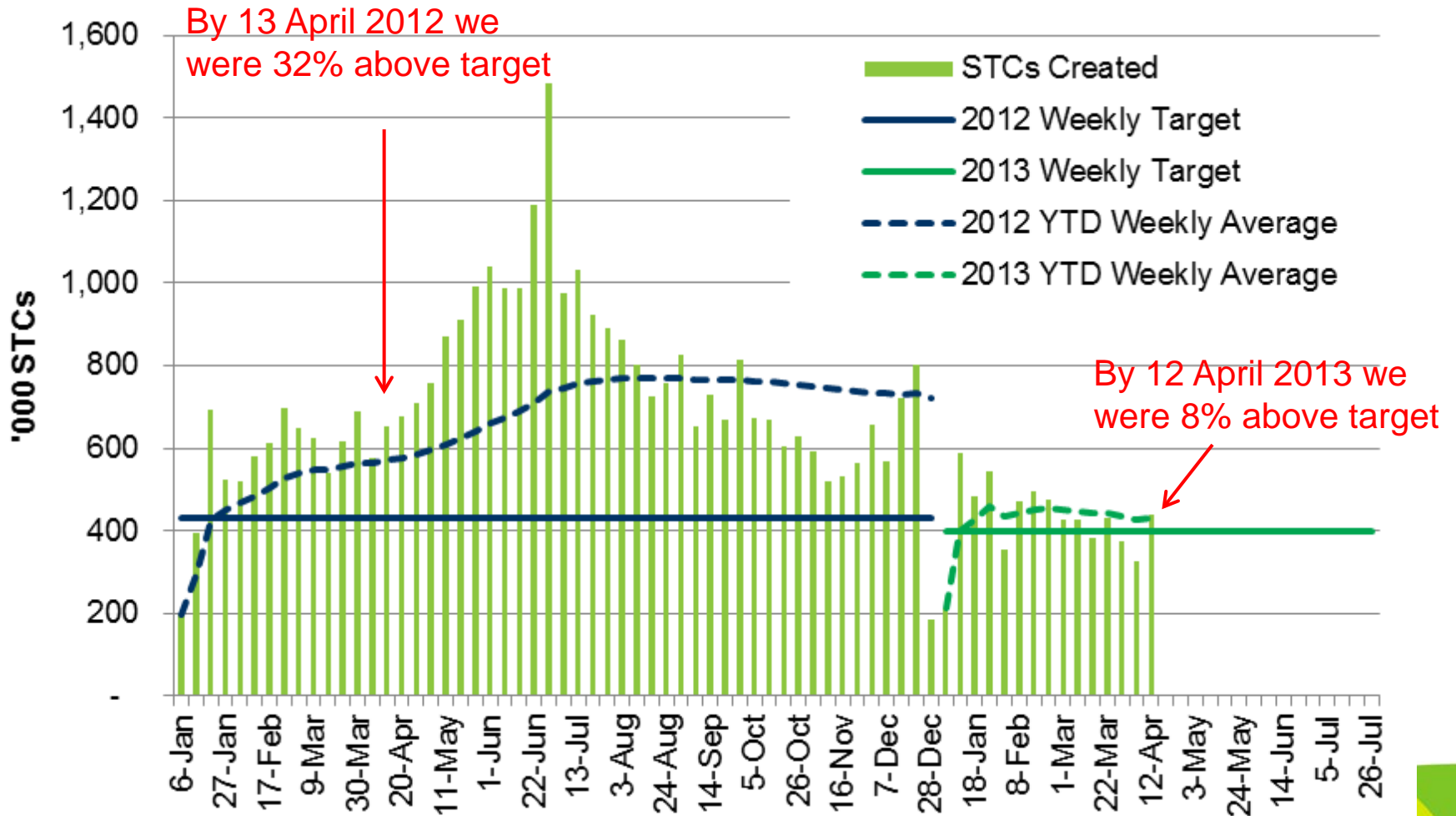
- Don't have multiplier
- FiTs substantially reduced
- System prices have bottomed?

# Are tracking to target

- Expected to have higher levels of creation



# Compared to 2012 creation



# Summary by installation year

Year of installation	actual 2011	estimate 2012	forecast 2013
<b>Solar PV</b>			
Number of systems	358,712	334,985	252,000
Average systems/mth	29,893	27,915	21,000
Average kW/system	2.4	3.0	3.2
Average RECs/system	149.2	104.6	67.5
MW installed	861	992	806
<b>Eligible Certificates '000</b>	<b>53,524</b>	<b>35,033</b>	<b>17,015</b>
<b>SWH</b>			
Number of systems	105,053	72,500	82,095
Average systems/mth	8,754	6,042	6,841
Average RECs/system	29.7	28.8	29.2
<b>Eligible Certificates '000</b>	<b>3,120</b>	<b>2,088</b>	<b>2,400</b>



# Outcome for 2013

- **Expect to be broadly on target for 20.7 million**
- **However we have 1.5 million under-surrender in 2012**
- **Had 2 million STCs pending registration at end 2012**

Presented by:  
Ric Brazzale BComm, MBA  
Managing Director

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T +61 3 9805 0777  
[ric.brazzale@greenmarkets.com.au](mailto:ric.brazzale@greenmarkets.com.au)  
[greenmarkets.com.au](http://greenmarkets.com.au)

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