
Delivering the Solar Homes Program

Tabled 24 June 2021



Objective

This audit looked at whether the Solar Homes Program (which we refer to as 'the program') is enabling Victorian households to control their power bills and reduce carbon emissions.

Who and what we examined

We audited Solar Victoria, an entity within the Department of Environment, Land, Water and Planning (or 'DELWP').

We examined how the program was designed and how Solar Victoria is implementing it.

We also engaged with the Department of Premier and Cabinet (or 'DPC') and Sustainability Victoria to understand their roles in planning and implementing year one of the program.

Conclusion

Solar Victoria is not yet able to report to what extent it has reduced consumers' power bills and their carbon emissions through this \$1.3 billion investment.

This is because, despite the program starting in August 2018, Solar Victoria only finalised its evaluation methodologies in April 2021.

Lack of a full business case and detailed implementation planning meant risks were not fully appreciated and mitigated. This included risks of excess demand for rebates and limitations on consumers' ability to export power to the electricity grid.

Solar Victoria has made progress in addressing these risks and has increased its engagement with the solar industry.

Theme 1: Evaluation and reporting



Suggests savings for households an average

\$1 073

annually on power bills

Background

The program aims to help Victorians reduce their power bills by offering rebates for eligible solar panels, batteries and hot-water systems.

The Premier announced the program in August 2018. Sustainability Victoria delivered it until end June 2019 when Solar Victoria took over.

Theme 1: Evaluation and reporting

In April 2021, nearly three years after the program's start, Solar Victoria finalised how it will evaluate outcomes. Its pilot study suggests the program saves households an average \$1,073 annually on power bills. However, the study cautions that the method needs improvement to better approximate savings.

Solar Victoria advised that it plans to start reporting separately on the program's contribution to carbon emissions reduction from the National Electricity Market and in Victoria.

Theme 2: Program planning

Since neither DPC nor Solar Vic developed a full business case, the government has not received sound and comprehensive information to consider the merits of the program and fully understand program risks.

The program also began without a completed implementation plan.

When the risk of excess demand did occur, the program was temporarily closed. This and further supply disruptions throughout 2019 resulted in significant customer dissatisfaction and economic uncertainty for the industry.

Since then, Solar Victoria has substantially increased engagement with industry and relevant agencies. It is now better managing demand by staging rebate releases.

Theme 3: Program delivery

Phase 1



Installer accreditation



Approved product list

Because Victoria's electricity grid is not designed to receive high levels of energy from solar panels, this can lead to damage and deterioration of the network.

DPC considered ways to mitigate this during program planning, but there is no short-term solution. DELWP is planning a large program of work to tackle this problem.

Due to the risks to their infrastructure, some network providers limit how much power solar panel owners can export. Solar Victoria requires retailers to include information about the ability to export electricity in their quotes. However, some consumers discover they are unable to export electricity only after they have paid for and installed their solar panel system. Solar Vic can do more to ensure consumers are aware of this issue.

Theme 3: Program delivery

During Phase 1 of the program, apart from mandated installer accreditation and an approved product list, there were limited quality and safety controls in place. Solar Vic has since worked to strengthen this.

Solar Victoria is meeting its targets for delivering solar panel rebates and processing applications on time.

Recommendations

We made five recommendations to DELWP, covering:

- completing a business case and advising government about the program
- improving controls to protect consumers and meet compliance requirements, and
- using sound evaluation methods.

For further information, you can view the audit snapshot and full report on our website (www.audit.vic.gov.au).