



Australian Government

**Australian Government
Response to the Clean Energy
Regulator's Integrity Review of
the Rooftop Solar PV Sector**

Introduction

In August 2020, I asked the Clean Energy Regulator, with support from the Department of Industry, Science, Energy and Resources to conduct a review into the rooftop solar photovoltaic (PV) sector. This followed a range of reports of consumer issues, defective installations, misuse of accreditation details, safety and quality concerns, and other issues in the sector.

Protecting consumers and the integrity of the rooftop solar system is a top priority as the number of homes and businesses choosing to install solar systems increases. In 2020, Australia strengthened its position as a renewable energy powerhouse, installing a record 7.0 gigawatts (GW) of new renewable capacity. This is 11 per cent higher than the previous record set in 2019 and was driven by a boom in solar installations. Australia is projected to deploy an additional 24 GW of rooftop solar by 2030, tripling the nation's small-scale solar generating capacity over the decade. Already, over one in four Australian homes have solar – the highest uptake of household solar in the world.

As a world leader in renewables, it is important that the Government's Small-scale Renewable Energy Scheme (SRES) upholds the integrity of the rooftop solar PV sector and protects Australians who install solar PV systems. As the cost of the SRES is borne by all electricity users it is also critical to ensure the integrity of the incentive provided under the scheme and that additional renewable generation occurs and delivers emissions reduction.

While acknowledging that many consumers have received good service and value from their purchase of rooftop solar PV systems, the continued strong growth in the sector could bring many new electricians and businesses into the industry. This could include potentially a large number of inexperienced workers. The Government aims to ensure such growth does not attract lower quality suppliers or unscrupulous operators, and that these types of issues are eliminated or minimised.

The SRES operates until 2030 and is expected to continue to have broad capture of rooftop solar installations in coming years. It already plays a valuable role in promoting higher standards of quality and safety in the rooftop solar PV sector, and the recommended enhancements to the scheme will provide further benefits. However, it is also essential that state and territory governments ensure that their regulatory frameworks for electrical installations adequately cover rooftop solar PV installations, particularly as the SRES phases out towards 2030.

The Government welcomes the final report of the Clean Energy Regulator's Integrity Review of the Rooftop Solar PV Sector. The report outlines recommended changes to the SRES regulatory framework that will promote greater integrity and improved consumer outcomes in the rooftop solar PV sector.

The Clean Energy Regulator makes 13 recommendations, informed by targeted engagement with key stakeholders. The recommendations cover three broad themes:

1. Tightening SRES eligibility requirements for installers;
2. Tightening SRES eligibility requirements for solar panels and inverters; and
3. Promoting better consumer outcomes, including by placing obligations on solar retailers under the SRES.

The Government agrees to 12 of the 13 recommendations, and notes one recommendation as work is already underway. The response to individual recommendations is set out below. The Government will consult on corresponding regulatory changes to the SRES framework in the second half of 2021. This feedback will assist in making a final decision on the detail and implementation of the changes.

The enhanced regulatory arrangements recommended through the Review will help ensure that rooftop solar PV systems installed under the SRES are consistent with the value of the incentive paid under the scheme and with consumers' expectations. The recommended reforms will also ensure that any solar installers, retailers and manufacturers who are found to be doing the wrong thing can be held to account.

To ensure the Government and the Clean Energy Regulator are able to effectively implement these recommendations, \$19.2 million has been allocated in the 2021-22 Budget. This new funding will be used to:

- support the Clean Energy Regulator to take on new functions and increased compliance monitoring and enforcement activities;
- enhance the functionality of the Clean Energy Regulator's business systems to support greater use of technology solutions that will reduce regulatory burden for industry while improving compliance; and
- develop an online tool that will empower consumers with more information to help households and businesses find the solar PV system that is right for them and to avoid dishonest operators.

It is essential that the Government takes the appropriate action needed to protect Australian households and businesses and to ensure that the SRES framework's integrity is upheld. These actions will allow Australia to continue to be a world leader in the renewables sector well into the future.

A handwritten signature in black ink that reads "Angus Taylor". The signature is written in a cursive, slightly slanted style.

The Hon Angus Taylor MP

Minister for Energy and Emissions Reduction

Review recommendation	Ref.	Government response
<p>The Clean Energy Regulator is given responsibility for setting the rules and framework for an installer accreditation scheme.</p>	A-1	<p>Agreed</p> <p>The Government agrees that the Clean Energy Regulator should have a direct role under the regulations in setting requirements for installer accreditation to underpin eligibility to create certificates under the Small-scale Renewable Energy Scheme.</p> <p>This will provide greater assurance to consumers that solar installers operating under the scheme are appropriately trained and competent, and understand their obligations under the scheme. It will also ensure that technical eligibility requirements reflect learnings from the Clean Energy Regulator’s inspection program and changes in installation best practice.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation.</p> <p>It is intended that the Clean Energy Regulator would consult with relevant state and territory bodies and industry groups in developing installer accreditation requirements under the new regulations.</p>
<p>The Clean Energy Regulator is given the power to approve eligible installer accreditation schemes. This approval should allow for one or more bodies to be selected to administer these from a competitive process conducted by the Clean Energy Regulator.</p> <p>To remain eligible, the accreditation body (or bodies) will be accountable to the Clean Energy Regulator for service and quality standards, fees charged and public reporting. The Clean Energy Regulator may remove an accreditation scheme or body where the relevant service or quality standards are not met.</p>	A-2	<p>Agreed</p> <p>The Government agrees that the Clean Energy Regulator should have the power to approve installer accreditation schemes that underpin eligibility to create certificates under the Small-scale Renewable Energy Scheme. This should help ensure the relevance, quality and value of installer accreditation processes, with flow-on benefits to consumers.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation.</p> <p>If the approach taken is to allow multiple accreditation schemes or bodies, the Government will seek to ensure that this would not result in a loss of quality or create inefficiencies for other stakeholders (e.g. registered agents, consumers). Stakeholders will be consulted with through the regulatory amendment process.</p> <p>The Government will also ensure that transitional mechanisms for accredited installers are provided in relation to the eligible installer accreditation scheme/s, and that appropriate review rights are included in the regulatory arrangements.</p>
<p>The compulsory written statements under Regulation 20AC, required from the accredited installer, should be simplified to state that:</p> <ul style="list-style-type: none"> - the certificate of electrical safety has been issued under state or territory laws, and 	A-3	<p>Agreed</p> <p>The Government supports the simplification of the installer statement requirements to focus on the most critical matters for solar PV installations.</p>

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<ul style="list-style-type: none"> - the accredited installer was on site as required to install or supervise the installation, and - the installation was carried out in accordance with state or territory laws, and - the system was installed in accordance with the design and will perform (generate) consistent with the quote provided or contract entered by the person who sold the system, and - the statement is true and correct. 		<p>The proposed changes will provide greater clarity to installers on the eligibility requirements and their obligations under the Small-scale Renewable Energy Scheme. This should help prevent non-compliance as well as allow for more effective enforcement against those who make false statements.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation.</p>
<p>The Clean Energy Regulator require additional training for accredited installers on their legal obligations in making a written statement of eligibility for STCs.</p>	A-4	<p>Agreed</p> <p>The Government agrees that additional training for installers on their legal obligations under the Small-scale Renewable Energy Scheme should help improve compliance. This training could be implemented as part of the training component of the installer accreditation process or could be run directly by the Clean Energy Regulator, similar to its existing 'SRES Smart' training for registered agents.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation.</p>
<p>The Australian Government consider mechanisms to augment the Regulator's powers to take administrative and compliance action against accredited installers who make false written statements, including to suspend or cancel their accreditation.</p>	A-5	<p>Agreed</p> <p>The Government recognises there may be a need for additional regulatory mechanisms to ensure the Clean Energy Regulator's compliance powers in relation to written statements are effective and efficient. This will ensure that installers who are found to be doing the wrong thing can be held to account and cannot continue to install eligible systems under the Small-scale Renewable Energy Scheme.</p> <p>These actions will result in strengthened protections for consumers by ensuring appropriate action is taken against installers who do not operate appropriately.</p> <p>The Government will consider regulatory options to implement this recommendation.</p>
<p>Options be explored, including legislation and technology, to require an accredited installer to prove they were onsite during the installation of the rooftop solar PV system.</p>	A-6	<p>Agreed</p> <p>The Government supports the Clean Energy Regulator exploring the use of innovative practices, such as technology solutions, that can reduce regulatory burden for industry while supporting compliance.</p> <p>The onsite presence of an accredited installer during the installation of the rooftop PV system is essential to consumer confidence and to ensure that systems are installed safely. It will ensure consumers actually receive the benefit of the safeguard the installer accreditation scheme is intended to provide.</p>

Review recommendation	Ref.	Government response
		The Government will consider if additional regulation is needed to ensure accredited installers are satisfying the onsite requirement.
The Clean Energy Regulator is given responsibility for setting the rules for listing key solar PV components (solar panels and inverters) as eligible for Commonwealth entitlements in the form of STCs.	B-1	<p>Agreed</p> <p>The Government agrees that the Clean Energy Regulator should have a direct role under the regulations in setting the requirements for solar PV components that are eligible for certificates to be created under the Small-scale Renewable Energy Scheme. This will ensure there is an appropriate framework for determining and listing only those solar panels and inverters that meet required standards under the scheme, including testing and compliance arrangements. This measure will provide better protections for consumers in ensuring that they get what they pay for and that systems are eligible for the SRES.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation.</p> <p>It is intended that the Clean Energy Regulator would consult with relevant state and territory bodies and industry groups in developing component listing requirements under the new regulations.</p>
<p>If R. B-1 is accepted, the Clean Energy Regulator should modernise and streamline the component listing process through the use of assurance declarations by manufacturers, audit arrangements and increased component testing.</p> <p>The Clean Energy Regulator may seek third party providers to assist with listing, compliance, audit and sampling as it does in its administration of other schemes.</p>	B-2	<p>Agreed</p> <p>The Government supports the objective to increase the accountability of solar PV component manufacturers in the regulatory framework of the Small-scale Renewable Energy Scheme. This should provide greater surety that consumers installing solar panels and inverters under the scheme are receiving quality products that meet required standards.</p> <p>At the same time, the Government supports streamlining processes and reducing regulatory burden for businesses wherever possible.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation.</p>
<p>That eligibility to create STCs be dependent on manufacturers providing eligible component serial numbers to the Clean Energy Regulator, or a party nominated by the Clean Energy Regulator, electronically.</p> <p>Solar panels will be the focus initially. This would only be extended to inverters if issues are found that warrant this.</p>	B-3	<p>Agreed</p> <p>The Government agrees that provision of serial numbers is critical information for installers, registered agents and the Clean Energy Regulator to accurately determine if solar panels are eligible components for certificates to be created under the Small-scale Renewable Energy Scheme.</p> <p>In combination with recommendations B-1 and B-2 this will provide greater assurance to consumers that their solar panels installed under the scheme are genuine products</p>

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		<p>that meet Australian Standards and are backed by manufacturer warranties. This will not only improve the integrity of the system, but create an additional safety net to protect consumers.</p> <p>The Government notes that the Clean Energy Regulator has already implemented a voluntary Solar Panel Verification initiative which allows an installer to scan the serial numbers of solar panels to check that they are on the approved components list.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation.</p>
<p>The Australian Government consider mechanisms to allow the Clean Energy Regulator to take administrative and compliance action against solar panel and inverter manufacturers who fail to meet eligibility requirements, including to suspend or cancel their listing(s).</p>	B-4	<p>Agreed</p> <p>The Government recognises there may be a need for additional regulatory mechanisms to provide the Clean Energy Regulator with compliance powers in relation to solar panel and inverter manufacturers. Manufacturers that fail to meet eligibility requirement should be held to account for the quality of their products. This change will ensure that substandard products cannot be installed under the Small-scale Renewable Energy Scheme, further protecting households and businesses.</p> <p>The Government will consider regulatory options to implement this recommendation in the context of the changes proposed in previous recommendations (B-1 to B-3).</p>
<p>New scheme eligibility requirements be introduced compelling system retailers to make a short-written statement (to accompany the accredited installer’s statement) to state:</p> <ul style="list-style-type: none"> - the system installed will perform to the quote provided to the consumer (bar extenuating circumstances outside the retailer’s control), and - that the system is complete, connected and generating. - the statement is true and correct. <p>The Clean Energy Regulator should be given the power to disqualify retailers, including key management and officers, who make a false written statement from making further statements in the STC creation process. Those retailers, including key management and officers, will not be able to sell solar PV systems eligible for Commonwealth entitlements in the form of STCs. There should be provisions to allow the Clean Energy Regulator to disqualify new retailers created that are linked to other disqualified retailers.</p> <p>Where a retailer is also a registered agent for the creation of STCs, or where they are related parties, amendments to regulations should consider mechanisms to ensure any potential conflicts of interest are properly managed.</p>	C-1	<p>Agreed</p> <p>The Government supports the objective of increasing the accountability of solar retailers in the regulatory framework of the Small-scale Renewable Energy Scheme. Solar retailers are typically the first point of contact for consumers and are usually responsible for the acquisition of the solar components and for arranging their installation.</p> <p>Requiring solar retailers to make a written statement in respect of the performance and complete installation of a solar PV system under the scheme will provide greater protection to consumers. This will be supported by corresponding compliance powers for the Clean Energy Regulator to ensure that retailers found to be doing the wrong thing can be held to account, and removed from participating in the scheme if required.</p> <p>The Government will undertake further work to develop the necessary regulatory amendments to implement this recommendation. This will include considering if the amendments need to include mechanisms to manage potential conflict of interest issues.</p>

Review recommendation	Ref.	Government response
Buy Now, Pay Later finance arrangements continue to be monitored by the relevant regulators with a view to increased education regarding consumer rights, the implementation of the Australian Finance Industry Association Code, and the potential for greater transparency in financing arrangements.	C-2	<p>Noted</p> <p>Appropriate policy and regulation of the Buy Now, Pay Later industry, including in relation to solar PV systems, will continue to be a matter within the remit of relevant Government agencies.</p>
The Australian Government requests the Clean Energy Regulator and the Australian Competition and Consumer Commission, in conjunction with state and territory fair trading bodies, to consider conducting a campaign encouraging consumers to carry out thorough research, and obtain multiple competitive quotes, before contracting to install a rooftop solar PV system.	C-3	<p>Agreed</p> <p>The Government supports the Clean Energy Regulator working with the Australian Competition and Consumer Commission and other relevant regulators on the development of appropriate education programs for the solar PV sector within their existing roles, responsibility and jurisdiction.</p> <p>Further to this recommendation, the Government will consider other approaches, including developing an online tool to provide consumers with better information about the likely costs of installing solar PV systems and which solar PV systems best suit their needs. This will enable consumers to be empowered to make more informed purchase decisions.</p>