

Media release

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Home solar subsidies costly and don't reduce greenhouse gas emissions

Government subsidies for residential solar photovoltaic (PV) energy systems are ineffective, costly and unfair, new research published by The Australia Institute shows.

The research, by Andrew Macintosh, Associate Director of the ANU Centre for Climate Law and Policy, and Deb Wilkinson, evaluated the outcomes from the Australian Government's decade-long residential solar PV rebate program.

It found that despite costing the government \$1.1 billion, it will only reduce Australia's greenhouse gas emissions by around 0.015 per cent and failed to generate significant domestic economic benefits.

The distribution of rebates under the program was also skewed toward households in areas with higher levels of income, wealth and education: 66 per cent of all rebate recipients were from postal areas that were rated as medium-high or high on a socio-economic status scale.

"Residential solar PV systems are an extremely expensive and ineffective way of trying to mitigate greenhouse gas emissions," Mr Macintosh said.

"The emissions reductions achieved by the program are very small and well within the margin of error for measuring emissions from the energy sector. The cost of achieving these emission reductions – at around \$275 per tonne of emissions avoided – makes residential PV systems one of the more expensive ways of tackling climate change."

Mr Macintosh said that programs of this nature were typically justified on the basis that they helped the development of the domestic renewable energy industry. Yet the evidence suggests that a substantial proportion of the economic benefit associated with the program flowed to overseas manufacturers and distributors of PV systems.

"Australia needs to reduce its greenhouse gas emissions and, in order to do this, it needs to find low-cost, low-emission sources of energy. Governments have a central role to play in resolving Australia's energy challenges but programs like this achieve very little and divert resources away from more productive endeavours," Mr Macintosh concluded.

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