

# **Rural and Regional Adjustment (Solar for Rental Properties Scheme) Amendment Regulation 2019**

Explanatory notes for SL 2019 No. 2

made under the

*Rural and Regional Adjustment Act 1994*

## **General Outline**

### **Short title**

*Rural and Regional Adjustment (Solar for Rental Properties Scheme) Amendment Regulation 2019*

### **Authorising law**

Sections 3, 10, 11 and 44 of the *Rural and Regional Adjustment Act 1994* (the Act).

### **Policy objectives and the reasons for them**

The purpose of the subordinate legislation is to enable the Queensland Rural and Industry Development Authority (QRIDA) to provide financial assistance under a Scheme to owners of eligible residential premises in selected Local Government Areas to purchase and install eligible solar photovoltaic (PV) systems and to make electricity more affordable for tenants of the premises.

The objective of the Scheme is to extend the benefits of solar to tenants in the private rental market; address the barriers that prevent landlords putting solar systems on their rental houses; and offer financial incentives to landlords for monitoring equipment to enable a solar benefit sharing arrangement between landlords and tenants.

In addition, information gathered during the Scheme will be used to inform the market about outcomes and potential models that may encourage uptake of solar and monitoring technologies both in the rental market and more broadly.

With around 560,000 private dwellings currently rented in Queensland, about one quarter of Queensland electricity customers have limited or no access to solar PV. As such, there is a significant opportunity for more households to enjoy the benefits of solar electricity.

The subordinate legislation supports the Government's commitment to deliver the Affordable Energy Plan, which features \$300 million of initiatives aimed at making electricity more affordable for residential and business customers.

## **Achievement of policy objectives**

The subordinate legislation will achieve the policy objective by inserting the Solar for Rental Properties Scheme (the Scheme) as a new Schedule 11 into the *Rural and Regional Adjustment Regulation 2011*, allowing QRIDA to administer the Scheme on behalf of the Department of Natural Resources, Mines and Energy (DNRME).

The Scheme will provide owners of eligible residential rental premises, who satisfy the relevant criteria, a rebate up to the value of \$3,500 to offset the purchase and installation costs of installing an eligible solar PV system and solar monitoring technology at those premises. Similarly, tenants at eligible residential premises will have access to eligible solar PV systems and solar monitoring technology to reduce their electricity costs.

To be eligible for assistance under the Scheme, the applicant must be the owner of the eligible premises subject to the application for assistance. To be considered an eligible premises, the premises must, among other requirements, be located in an eligible local government area and be the subject of an approved residential tenancy agreement (the Agreement).

The Agreement must provide that the premises is subject to a residential tenancy for a fixed term of at least 1 year; that the rent at the premises is no higher than the prescribed amount; and that an increase in rent will take place after the eligible solar PV system is installed at the premises. The reduction in electricity costs at the premises should more than offset the rent increase.

Eligible solar PV systems installed under the Scheme must be installed by an eligible supplier after entry into an Agreement. Applicants must not have received prior assistance for an eligible premises under this Scheme or the already established Solar PV and Battery Energy Storage Assistance Scheme. In addition, the tenant must agree, in the approved form, to the installation of the eligible solar PV system for an applicant to be eligible for assistance under the Scheme.

Before applying for assistance under the Scheme, applicants must provide QRIDA with a declaration of understanding (the Declaration). The Declaration must be made in the approved form and show that an applicant understands the requirements for eligibility for assistance under the Scheme. Once the Declaration is received, an application for assistance can then be made to QRIDA by accessing the relevant website.

The Scheme begins on the day it is launched by the Queensland Government and applications must be received by QRIDA by 30 June 2020. However, QRIDA may accept applications for assistance after this date if QRIDA considers it appropriate to do so in the circumstance.

## **Consistency with policy objectives of authorising law**

The subordinate legislation is consistent with the objectives of the Act.

## **Inconsistency with policy objectives of other legislation**

The subordinate legislation is consistent with the policy objectives of other legislation.

## **Alternative ways of achieving policy objectives**

An alternative way of achieving the policy objectives would be for the Scheme to be administered by DNRME. However, QRIDA, whose primary function is to administer financial schemes, is considered best placed to undertake the administration of the Scheme.

The Act enables QRIDA to give financial assistance to primary producers, small businesses or other elements of the State's economy to benefit the State's economy. QRIDA has extensive experience in administering grant, loan and rebate schemes for government and is better placed to administer the Scheme.

## **Benefits and costs of implementation**

The Scheme will benefit both property owners and tenants. Property owners will obtain a benefit, as the financial assistance will allow them to equip their rental property with solar PV systems. This, in turn, will further benefit the property owner as it provides a mechanism for the property owner to increase rent at the premises.

The Scheme will benefit tenants by making their electricity costs more affordable through a reduction in reliance on electricity purchased off the grid. Additionally, tenants will further benefit as the Scheme will provide access to solar monitoring technology, which is intended to help tenants better understand how the solar system works. It is envisioned that access to monitoring technology will allow tenants to take steps to manage their home energy usage and further reduce their electricity bills.

## **Consistency with fundamental legislative principles**

The subordinate legislation has been drafted with regard to, and is consistent with, the fundamental legislative principles as defined in section 4 of the *Legislative Standards Act 1992*.

## **Consultation**

Consultation was undertaken with the following organisations:

- Clean Energy Council, a peak body for the clean energy industry in Australia;
- Clean Energy Regulator;
- Energy Queensland;
- Electrical Safety Office;
- Tenants Queensland;
- Real Estate Institute Queensland; and
- Residential Tenancies Authority.

All organisations are supportive of the proposed amendments and there have been offers to assist in promoting the trial.

The Office of Best Practice Regulation (OBPR) has been consulted about the proposed amendments. The OBPR has advised that the proposal is excluded from further analysis under the *Queensland Guide to Better Regulation* on the basis of category (k) – *regulatory proposals designed to reduce the burden of regulation, or clearly do not add to the burden, and it is reasonably clear there are no significant adverse impacts.*

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