



RESERVE BANK OF AUSTRALIA

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Anthony Dickman  
SECRETARY

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Mr Stephen Boyd  
Secretary  
House of Representatives  
Standing Committee on Economics  
Parliament House  
CANBERRA ACT 2600

Dear Stephen

**QUESTION ON NOTICE: PARLIAMENTARY HEARING OF 17 AUGUST 2018**

At the Committee's hearing with the Reserve Bank on 17 August, the Chair asked for a question from Mr Kelly to be taken on notice. In the context of a discussion of the amount of expenditure currently on new electricity generation, Mr Kelly's question was: 'do you have an estimate of what the levelised cost of energy from rooftop solar panels is?'. The Bank's answer to the question follows.

The Reserve Bank does not directly estimate the levelised cost of energy from rooftop solar panels. There is considerable variation in such calculations for rooftop solar based on factors that differ considerably for each installation (examples of important factors include the assumed cost of finance for the initial expenditure, variation in the size of residential photovoltaic systems, the location and position of the rooftop, exchange rates applying to imported panels and the rate of degradation of the effectiveness of the system).

Bloomberg New Energy Finance estimates the Australian average levelised cost of a 4kW residential system in 2018 to be AUD\$0.09 kWh. This is estimated to increase to AUD\$0.10 kWh in 2030 as the level of the Small-scale Renewable Energy Scheme (SRES) subsidy declines. The household system installation cost for the March quarter 2018 is estimated to be around A\$1.21 per Watt subsidised and A\$1.88 per Watt unsubsidised. Through the 2020s, technology costs will continue to fall as the SRES subsidy phases out. Bloomberg New Energy Finance estimates that by 2031 the unsubsidised cost will be A\$1.49 per Watt with no household subsidy. This estimate is sourced from Bloomberg New Energy Finance and was provided to the Bank by the Department of the Energy and the Environment.

Yours sincerely