

Could a new policy turn your business's rooftop into an energy goldmine?

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About this update

This dated news record has been reorganised for clear reading and connected to current guidance.

Publication date: August 26, 2024.

Status note: Present-tense statements, market figures, deadlines and program details in the archived record belong to its publication date. Check current official sources before making a decision.

What this article reported

The Victoria Energy Policy Centre (VEPC) is advocating for a groundbreaking policy shift to promote large-scale rooftop solar systems paired with batteries on Australia's commercial and industrial (C&I) properties. This initiative, detailed in VEPC's latest discussion paper, seeks to not only provide businesses with self-sustaining energy solutions but also enable them to export surplus power back to the grid during peak demand periods, offering a new revenue stream for businesses while supporting the broader energy market. The big question is, will this happen in 2024-2025?

Madonna Ghajar, from Northmore Gordon remarked on the initiative, stating, "This initiative represents a crucial step toward a more sustainable future by harnessing the untapped potential of C&I rooftops. Integrating large-scale rooftop solar and battery systems not only provides Victorian businesses with a new revenue stream but also supports the broader energy market, aligning perfectly with Northmore Gordon's commitment to advancing emission-free electricity through innovative solutions."

Transforming Rooftops into Powerhouses

The discussion paper, titled "Business Power," emphasizes the untapped potential of C&I rooftops across Australia, arguing that these spaces could be converted into substantial electricity generation and storage assets. VEPC's calculations suggest that the country's unused rooftop space is vast enough to supply at least 25% of Australia's annual electricity needs, potentially transforming the national energy landscape.

VEPC Director Bruce Mountain underscored the transformative impact of this policy shift: "Electricity produced in cities and used locally reduces transmission losses. Businesses could generate solar power during the day, store it in batteries, and sell it back to the grid during peak hours."

Financial Incentives for a Sustainable Future

To make this vision financially viable, VEPC proposes the introduction of new floor prices for electricity sold to the grid outside peak solar periods and for battery discharge during evening peaks. Specifically, the paper suggests a solar feed-in floor price of \$100 per MWh and a battery discharge floor price of \$200 per MWh. These incentives aim to make investing in rooftop solar and battery storage an

attractive proposition for businesses, thereby accelerating the transition to a low-carbon economy.

This policy framework aligns with Northmore Gordon's findings that solar with battery energy storage systems (BESS) generate additional value under the Victorian Energy Upgrades scheme when reducing excess export to the grid. Northmore Gordon recommends that the Victorian Government explores ways to increase VEEC generation for Solar with batters under the VEU . Supporting battery storage not only enhances grid stability but also improves cost efficiency, aligning with the broader goal of expanding emission-free electricity while minimizing the need for costly new transmission infrastructure.

Bridging the C&I; Solar Gap

While residential solar adoption has surged in recent years, the uptake in the C&I; sector has lagged. Between 2019 and 2023, residential rooftop solar capacity grew by approximately 2.5 GW annually, whereas the C&I; sector added only about 500 MW per year. This discrepancy highlights a significant opportunity for growth in the commercial sector, which VEPC's proposed policies aim to address.

A recent report by Victoria-based research firm Nexa Advisory further supports VEPC's findings, estimating that an additional 28 GW of rooftop PV could be installed across C&I; rooftops within the National Electricity Market. This expansion could play a crucial role in replacing coal generation set to be phased out over the next decade, all while minimizing the environmental and social impacts associated with large-scale solar and wind projects that require extensive new transmission infrastructure.

Mountain also pointed out that this shift could reduce the reliance on large-scale solar and wind farms located in rural areas, which require expensive new transmission lines to deliver power to urban centers. Instead, locally produced and stored energy could make better use of existing urban distribution networks, enhancing the efficiency of the energy system.

A Vision for the Future

The VEPC's "Business Power" proposal is driven by the urgent need to expand emission-free electricity sources in Australia. As the country prepares for the closure of coal-fired power stations, this policy could play a pivotal role in ensuring a smooth transition to cleaner energy. By tapping into the potential of C&I; rooftops, Australia could not only meet a significant portion of its electricity needs with renewable energy but also do so in a way that minimizes the social and environmental costs associated with traditional energy infrastructure projects.

Mountain concluded with a compelling vision: "In short, there seems to be little to be lost and a potentially large benefit to society."

As Australia continues to lead the world in solar adoption, this policy shift could position the country as a global leader in integrating battery-backed solar solutions into the commercial sector, paving the way for a more sustainable and resilient energy future.

How to use this information now

For current use, confirm the applicable scheme rules, regulator notices, market date and reporting period. Keep historical prices or forecasts separate from present quotes and verified outcomes.

Separate source-reported facts from forecasts, targets and commentary. For a current project, retain the official source, version, effective date, assumptions and decision record in the evidence file.

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What specific policy changes is VEPC proposing to unlock rooftop solar and battery value for businesses?

VEPC's 'Business Power' discussion paper proposes new floor prices for grid-connected electricity: a solar feed-in floor price of \$100 per MWh for electricity sold outside peak solar periods, and a battery discharge floor price of \$200 per MWh during evening peaks. These incentives aim to make large-scale rooftop solar paired with batteries financially attractive for commercial and industrial properties, enabling businesses to generate revenue from surplus power export while supporting grid stability during peak demand.

Why has commercial and industrial rooftop solar lagged so far behind residential installations?

Between 2019 and 2023, residential rooftop solar capacity grew by approximately 2.5 GW annually compared to only 500 MW per year in the commercial and industrial sector. This disparity reflects inadequate financial incentives and policy frameworks for larger C&I systems. Victoria-based research firm Nexa Advisory estimates an additional 28 GW of rooftop photovoltaic capacity could be installed across commercial and industrial rooftops within the National Electricity Market, representing significant untapped potential.

How does Northmore Gordon's work on Victorian Energy Upgrades relate to this rooftop policy opportunity?

Our assessment findings demonstrate that solar systems paired with battery energy storage systems generate additional value under the Victorian Energy Upgrades scheme by reducing excess grid export. We recommend the Victorian Government explore ways to increase Victorian Energy Efficiency Certificate generation for solar-plus-battery configurations. This aligns with VEPC's policy proposal, positioning battery-integrated rooftop systems as dual-benefit investments for eligible businesses seeking both energy savings certificates and market revenue.

What are the practical benefits of generating and storing electricity locally rather than relying on remote generation?

Electricity produced in cities and used locally reduces transmission losses compared to power generated in remote locations and transported through long-distance networks. VEPC Director Bruce Mountain explains the operational logic: businesses generate solar power during daylight hours, store it in batteries, and discharge during evening peak periods when grid demand and prices are highest. This distributed approach supports grid stability, reduces infrastructure strain, and enables businesses to capture higher-value discharge periods—all while minimizing the need for expensive new transmission infrastructure.

How could expanded rooftop solar and batteries support Australia's energy transition away from coal?

As Australia prepares for coal-fired power station closures, expanding commercial and industrial rooftop solar with battery storage could meet a significant portion of electricity demand with renewable generation. This distributed approach reduces reliance on large-scale rural solar and wind farms that require expensive new transmission infrastructure. Local renewable generation near demand centers minimizes social and environmental costs associated with extensive transmission network development.

while providing more resilient, flexible electricity supply aligned with peak demand patterns.

What role can Northmore Gordon play in helping businesses capitalize on this policy opportunity?

We offer energy optimisation services combining feasibility assessment, renewable heat and electrification analysis, battery system sizing, and business case development for commercial properties. We provide measurement and verification support, certificate pathway assessment under Victorian Energy Upgrades and other schemes, and procurement guidance for renewable energy attributes. Through our staged six-stage delivery approach—Assess, Build the Case, Capture Value, Deliver, Procure, and Perform—we connect technical design with commercial decisions and funding pathways, enabling businesses to develop viable rooftop solar and battery projects.

What evidence supports the feasibility of Australia's unused C&I rooftop space meeting significant electricity demand?

VEPC's calculations indicate Australia's unused commercial and industrial rooftop space is extensive enough to supply at least 25% of the country's annual electricity needs. This estimate is supported by Nexa Advisory's research identifying an additional 28 GW of rooftop photovoltaic installation potential across commercial and industrial rooftops within the National Electricity Market. These figures demonstrate that technical opportunity exists at scale; realising it requires appropriate policy incentives and project-level assessment of individual site feasibility, equipment suitability, and commercial viability.

How should businesses assess whether rooftop solar and battery storage suits their operation?

We recommend starting with an energy audit investigating consumption patterns, operating hours, production profiles, and available rooftop space. A feasibility study should evaluate solar generation potential, battery storage sizing matched to load and export patterns, electrical constraints, and network approvals. The business case must compare energy savings, tariff effects, certificate revenue under Victorian Energy Upgrades, and potential grid export income under proposed floor prices. Investment approval should follow a staged decision process separating technical viability, commercial attractiveness, and funding pathways—with measurement and verification planning embedded early to support scheme eligibility and performance tracking.