

Government cuts popular home battery scheme, penalising larger systems

By [JAMES GERRARD](#)



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Have homeowners who were quick to adopt the federal government's Cheaper Home Batteries Program ruined it for everyone else?

Before the program began on July 1, 2025, thousands of households were sitting on the fence waiting for home battery prices to drop and battery technology to mature. But the introduction of the 30 per cent rebate on [home battery systems](#) proved to be the tipping point.

Since the program commenced, [more than 200,000 battery systems](#) have been installed, against the government's [goal of two million households having systems](#) installed by 2030.

Originally estimated to cost \$2.3bn, the program's funding was expanded in December to \$7.2bn but the benefits under the program were also diluted.

The system works by the government giving you Small-scale Technology Certificates when you purchase a home battery system. The bigger the battery, the more STCs you get, with one STC representing one megawatt hour of renewable electricity generated, stored or displaced by an eligible system.

When you purchase a home battery system, part of the process is to sign over the STCs to the installer in exchange for a discount on your invoice. The home battery installer then sells these STCs for \$40 each to the STC Clearing House, which is run by the Clean Energy Regulator.

In other words, the bigger the battery, the more STCs you get and the bigger the discount the installer will offer on your home battery system.

Having a large battery system installed at my home recently, I opted for a large battery with a usable capacity of 46.8kWh so that I could sell excess energy back to the grid at night.

My STCs were multiplied by a factor of 8.4 which provided me with a total of 393 STCs.

These 393 STCs were bought by my installer for \$36 and reduced the price of my battery by \$14,148. Of note, I did not receive the full \$40 per STC as battery installers generally offer less than the official STC price to cover their administration costs of cashing in the STCs.

I received a further \$2183 discount by selling the STCs on the additional 8.5kWh of [solar panels](#) I also installed at the same time, meaning the gross total cost of just over \$40,000 came down to a net cost of under \$25,000.

When the government launched the Cheaper Home Batteries Program, it planned to reduce the number of STCs a household would receive annually. This means that if I installed the same home battery system in 2030, I would only be entitled to 220 STCs instead of 393.

But with the government's announcement of additional funding in December 2025, two major changes were made – the amount of STCs each year would fall even steeper, and bigger battery systems would now be penalised.

The rationale is that the government wants households to choose the right sized battery for their needs, rather than opting for oversized batteries and profiting by becoming a Virtual Power Plant and selling battery energy back to the grid at lucrative peak rates at night.

David Sedighi, chief operating officer of VoltX Energy, which provides home battery systems, says installing a bigger battery after May 1 could cost up to \$10,000 more than if it were installed this month.

“The rebate will drop and only the first 14kWh will receive 100 per cent of the rebate,” Sedighi says.

“The next 14kWh up to 28kWh will get 60 per cent of the rebate and any capacity above 28kWh will get just 15 per cent.

“Affordability wise, now is the right time. People who wait until after May 1 will pay close to \$10,000 more than they do now for a 50kWh system.”

Had my home battery system been installed in May, I would only be entitled to 171 STCs, meaning the \$14,148 discount I actually received would reduce to only \$6156. And if I wait until 1 January 2027, the STC factor drops again and my discount drops to \$5148.

In short, the longer you wait, the lower the rebate on your home battery system will be.

The main implication of the May 1 changes is that simply going for the largest eligible 50kWh home battery system under the program may no longer stack up financially. But if a 14kWh system is installed, the discount only drops slightly from \$4234 to \$3427.

While the initial settings of the Cheaper Home Batteries Program may have been too generous, the amended rules may have gone too far the other way.

It will force a rethink about whether to install a home battery, and even then it only makes sense for a small 14kWh battery.



This should allow most households to be off the grid. However, for busy families running many appliances and devices, they may now only be partially off the grid and run out of battery power throughout the night, particularly during the peak of summer and winter when airconditioning usage is highest.

The last outcome, which will come as welcome news to the 13 million individual taxpayers who subsidise the cost of home battery systems, is that the government may not fully expend the full \$7.2bn allocated to the home battery program, as people increasingly opt against installing a system due to the fading installation discounts and higher payback periods.

James Gerrard is principal and director of financial planning firm
www.financialadvisor.com.au

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