

Solar firm customers are left in the shade

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Photo: Justin McManus

More than 230 customers of a Canberra solar firm that went into liquidation last year will lose much of the value of certificates issued when they bought solar panels.

Proceeds will also go to paying the liquidator, despite customers saying it wasn't invited to get involved in the certificates issue.

When Enviro Friendly Products went into administration owing more than \$750,000, liquidator Stephen Hundy, of Worrells Solvency & Forensic Accountant, found its books and records were not well maintained.

The company sold small generation units and solar hot water heaters to customers who then became eligible for renewable energy certificates, classified in this case as small-scale technology certificates, known as STCs.

STCs can be sold either on the open market or through a clearing house. If through a clearing house a guaranteed price of \$40 applies. The timing of their sales is unknown. The market price hasn't yet reached \$40, but the court said the STCs should be sold as soon as practicable.

Mr Hundy said they were trading at \$38.50 and would be sold at the going rate in the next day or so. Liquidator fees to date are \$81,577 and future fees are likely to be between \$71,000 and \$90,800.

In court the liquidator said Enviro Friendly Products had told customers they would own the STCs, but in fact nearly 22,000 of them, worth \$675,000 were registered in Enviro Friendly Product's name.

Another 15,000, worth about \$465,000, were missing and there was no doubt some had been sold by the company, and proceeds returned to the company.

The liquidators concluded and the court agreed the STCs were held by the company in trust, and as such were trust property, not assets available to the general pool of creditors of the company.

About 418 STCs were never held on behalf of any of the customers, and were deemed assets of the company.

One of the solar customers, Klaus Matthaai, told the court the majority of the STCs were listed in customers' names and should be returned to them.

"The liquidator's input was not requested or authorised by us, hence their costs should be confined to the liquidation of Enviro Friendly Products.

"We don't want Worrells to administer the STCs."

But Justice J. Foster found the company's affairs were in considerable disorder and there were substantial costs in sorting out trust assets. As much as he would have liked to oblige Mr Matthaai and direct the additional 414 STCs registered in the company's name to go to customers,

he couldn't because of the general corporations law. They had to be regarded as assets of the company to be made available to general creditors.

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