

Feed-in Tariff Secretariat
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Canberra ACT 2601
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Dear Secretariat,

ACTCOSS welcomes the opportunity to comment on the *National Capital to Solar Capital: Options for An Expanded ACT Electricity Feed In Tariff (FIT) Scheme*. As a voice for people experiencing disadvantage in the ACT, we have significant concerns about the inequity in the current operation of FIT.

As a general principle, ACTCOSS supports measures to combat climate change and recognises people living with disadvantage are likely to be disproportionately impacted by climate change. The negative health effects of greater climate variability and hotter temperatures are likely to be amplified among older people, people with disabilities and chronic health conditions, and children. The economic impacts of climate change, including changes in prices and employment markets are also likely to disproportionately affect disadvantaged households, who have less ability to alter their expenditure patterns, and less transportable skills to compete in a changing employment environment.

Within this context, ACTCOSS supports measures which reduce dependency on fossil fuels and reduce carbon dioxide emissions into the atmosphere. Solar power energy, in this regard can be a beneficial response. However, actions to address climate change should be progressive. The costs of mitigating climate change should not disproportionately impact those living with disadvantage.

At present, the costs of operating a FIT system are being shared evenly between all customers. Under a FIT system, the utility company will buy the energy at a higher price than what they are selling it for and the extra expenses are covered by raising the costs for all customers. For many affluent customers, the price increase can be absorbed. People living with disadvantage, however have less discretionary capacity to adjust. An increase in utility bills may lead to inability to pay a bill, and perhaps possible disconnections.

ACTCOSS would like to draw specific attention to recent media articles, further highlighting concerns with the current FIT system. The first article, "Calls to Lighten Power Cost Load" appeared in *The Canberra Times* on 19th January 2010. The article noted the inequitable form of the FIT system, as adopted by the ACT.

The scheme design provides significant financial benefits to those able to invest in FIT capacity and passes the cost equally to all consumers, including low income earners who have no financial capacity to make such an investment.

The article also noted the inadequacy of the existing concessions scheme, which has barely increased in recent years to match the increase in the rising price of electricity. While the concessions rate was \$189 in 2004-2005, it increased just a fraction to \$195 in 2008-2009. The average electricity bill however, has increased by \$350 in the same period. The increase in electricity bills is putting an extensive burden on household to stay warm in winter and cool in summer.

The Independent Competition and Regulatory Commission (ICRC) has noted the inequity in the current FIT system. The ICRC recommends the tariff, paid by the

Government to households with solar panels should be cut from 50 cents per kilowatt hour of electricity generated to 37 cents for people who join now. The ICRC argues 37 cents is high enough to remain attractive without being unfair for people who cannot participate. Many in the ACT are unable to participate the scheme, either because they cannot afford the up front costs or because they do not own their own home.

Previous in principle support from ACTCOSS for FIT systems was premised on the notion customers with disadvantage would be fully exempt from increase in price. ACTCOSS continue to recommend the full amount of the FIT levy be exempt for energy concession customers. In addition, there should be an increase to the energy concession amount each year to recognise the increases to the FIT levy and the rise in the cost of fuel.

It is counter-intuitive to protect those people most vulnerable to the impacts of climate change by disproportionately burdening them with the costs of doing so, thereby replacing one potential source of disadvantage with another. At present the concessions offered to people experiencing disadvantage are inadequate. It does not facilitate their capacity to mitigate the effects of climate change. The FIT scheme should not be expanded until the issues around equity are fully considered.

Yours truly,

A handwritten signature in black ink, appearing to read 'Roslyn Dundas', written over a horizontal line.

Roslyn Dundas
Director

26 February 2010