

Feed-in Tariff Secretariat
ACT Department of the Environment, Climate Change, Energy and Water
GPO Box 158, Canberra ACT 2601

Dear Sir/Madam,

I congratulate the ACT Government on introducing the best Feed-in-Tariff in Australia.

Solar Premium Rate

I appreciate that the FIT is an interim measure designed to kick start the transition to a renewable energy economy and that the Solar Premium will diminish over time - to grid parity eventually. This is as it should be, but I argue against reducing the ACT FIT TOO FAST and TOO SOON because:

1. Many of the other schemes that are designed to promote solar and potentially reduce the need for the ACT FIT are just not happening or slower off the mark than expected (e.g. national FIT, CPRS, RET etc). The ACT FIT is up and running NOW. Lets keep in going at full throttle at least till the other schemes kick in.
2. The "Solar Capital" concept is excellent, but it implies leadership. The FIT is one of the few things where we lead Australia. Even as we reduce the Solar Premium in future, we must ensure that we don't drop to second place. There are benefits to being a recognised leader. The city of Freiberg in Germany has set an example. In Australia, Adelaide is the clear leader.
3. The gratifying price reductions for solar panels that we are currently witnessing can't be counted on to continue at the same rate. The anticipated strengthening of demand for solar panels in the USA could temporarily arrest this long-term downward trend, as did strong German demand in recent years.
4. The scheme has just begun and we must not stall the development of an infant solar industry (which still generates less than 1% of our power). Industries develop best in stable policy framework. There have been far too many policy changes relating to renewable energy.

Employment

1. The embryonic ACT solar industry has already provided hundreds of new (and interesting) jobs. To suggest (as per the discussion paper) that it will eventually create unemployment is to assume (incorrectly, I trust) that the structural adjustment to a renewable energy economy will soon stall.
2. Very little electricity is generated in the ACT at the moment. Generating more here will shift power generation jobs into the ACT.
3. There very few ACT residents (if any) who make their living in the coal industry or coal fired power generation industry. If we went 100% renewable tomorrow, who in the ACT would be put out of a job?

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PV is for the rich? Another questionable assumption

1. In the debate (especially in the press) there is frequent reference to the idea that solar panels are bought by rich people. I would like to see a study conducted to see if this is indeed true. This is a testable hypothesis. I suspect analysis would reveal that rich people are under-represented amongst Solar PV owners and that "commitment to the environment" is a stronger determinant than wealth.*

Equity:

1. We are treating future generations must inequitably if we transfer the costs of the transition to them by not acting now.

2. Inequity to people with no roofs, or unsuitable roofs, can be remedied with the establishment of solar farms where people can buy panels and have the electricity thus generated credited to their account as per FIT.

3. Wherever possible, measures to help people on low incomes must not be done in a way that diminishes their incentive to use power more efficiently. They must still be able to benefit from saving power. E.g. free home insulation is more effective than electricity price discounting.

Pricing

1. The debate seems to have neglected the fact that Australia electricity is far too cheap; it doesn't come close to the true cost of production. Until there is a price penalty for polluting power generation, the solar industry will struggle. Australian electricity is very cheap by world standards.

2. There is a "non-price" way! We simply prohibit the throwing of rubbish in the street. How much longer will we permit rubbish to be thrown into the air?

Billing

1. There are too many anecdotal reports of problems with electricity bills. It is true that the FIT has introduced more complexity into the billing system, but nothing that can't be readily accommodated. More effort needs to be directed to sorting out the billing problems. This is best done while the scheme is still small.

2. I also recommend that bills be 'benchmarked'. Perhaps add a dotted line on the consumption graph indicating average domestic consumption. Without some such yardstick, the consumer has no idea how efficient or otherwise they are with their power consumptions. Raw kWh statistics have little meaning to many consumers.

Summery

FIT is good. Well done!



Bill Gresham