

Coalition Senators additional comments

The Coalition believes renewable energy is a vital component of a sustainable future for Australia. We broadly support the analysis and recommendations of the majority report in regard to the specifics of this Bill and a feed-in tariff regime.

However, Coalition Senators are dismayed at the lack of certainty being provided to the renewable energy sector, especially the solar industry, by the Rudd Government at present.

The Rudd Government's first budget contained the surprise introduction of a means test to the renamed Solar Homes and Communities Plan (SHCP), making the photovoltaic rebate available to fewer homes in fewer communities. Effective immediately following the 13 May budget, only households with an annual taxable income of less than \$100,000 are now eligible for a rebate.

As a direct result of the loss of certainty within the solar industry, long-term planning to build capacity or develop business models, including investment to train and educate installers and other investment necessary for industry growth, have stalled. Withdrawal of interest of potential customers no longer qualifying for the rebate due to the means test was a significant disruption in the shorter term.

Under questioning in recent Senate Supplementary Budget Estimates, the Rudd Government confirmed applications had been received at a rate greatly exceeding that for which it had budgeted – a spike Coalition Senators believe has been prompted by the ongoing uncertainty – yet dodged questions about its commitment to the rebate program's future and refused even to commit to it still being available in the new year.

The strongest statement in this regard came from a departmental official:

"Future support for the solar industry would be considered in the context of the national energy efficiency strategy, and the government's response to the (emissions trading) green paper."

A failure to commit more funding means the program is surviving only on a week-by-week basis.

Coalition Senators recommend the Rudd Government abolish its means test and guarantee the future of the solar rebate program.

The Coalition recognises the potential of feed-in-tariffs to provide a medium term payback period that encourages private sector investment in photovoltaic (PV) systems and, therefore, longer term certainty for the solar industry.

The Coalition is committed to ensuring the growth of Australia's solar industry and believes that a national feed-in tariff regime is the logical next step in supporting the advancement and development of this important industry.

However, there can and should be no 'gap' period in support for the solar industry. Rebates may even be complementary to a feed-in tariff scheme given the high up-front costs of solar installation.

Coalition Senators recommend rebates to support the upfront cost of PV systems be either maintained in some form that is complementary to feed-in tariffs or that any transition from rebates to feed-in tariffs is undertaken in a smooth and well planned manner following consultation with industry and stakeholders.

Coalition Senators note that State and Territory Governments are currently pursuing their own feed-in tariff models with varying payback formulas and rates.

The Coalition believes it would be desirable to have a uniform national position on feed-in tariffs.

Coalition Senators are therefore dismayed that the Council of Australian Governments (COAG) has again deferred any decision in relation to this matter.

The COAG Communiqué of 26 March 2008 stated:

“COAG agreed to consider options for a harmonised approach to renewable energy ‘feed in tariffs’ in October 2008.”

Yet the COAG Communiqué of 2 October 2008 made no reference whatsoever to feed-in tariffs, agreeing only to:

“develop a National Strategy for Energy Efficiency, to accelerate energy efficiency efforts across all governments and to help households and businesses prepare for the introduction of the Commonwealth Government's Carbon Pollution Reduction Scheme.”

Coalition Senators believe there is an urgent need to advance issues relating to a harmonised approach to renewable energy feed-in tariffs. The urgency is heightened by the uncertainty surrounding solar rebates.

These issues include the nature of the scheme (gross or net), the rate of tariff applied to different renewable energy sources, necessary variations between states (including transition from existing state-based models) and the indexation and/or degression formulas applied.

Any feed-in tariff scheme's interaction with other government interventions to encourage uptake of renewable energy must also be considered. This would include rebates, as well as the proposed emissions trading scheme (ETS)/Carbon Pollution Reduction Scheme (CPRS) and the Mandatory Renewable Energy Target (MRET).

Coalition Senators note the recent analysis by Ernst & Young, highlighted in the majority report, suggesting Germany's feed-in tariff was delivering renewable energy at a lower cost per kilowatt-hour than the UK's tradeable certificates.

It is imperative that we get these details right and Coalition Senators believe the Government should utilise the skills of the Productivity Commission as its principal advisory body on all aspects of microeconomic reform, covering all sectors of the economy.

Coalition Senators recommend the Rudd Government request the Productivity Commission report as soon as practicable on appropriate support for renewable energy, including the most effective means to implement a nationally consistent feed-in tariff model.

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