

Inquiry into the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008

Government has a pivotal role to play in implementing solutions to climate change through the setting of short-term binding emissions targets and providing incentives for zero emissions technologies. There is no better incentive than a Feed-in-Tariff (FiT). Implemented successfully in 37 countries around the world, the FiT has seen renewable energy uptake increase significantly. During the period 2000 – 2004, Germany saw a nine-fold increase in solar PV generated electricity, after the introduction of a FiT. The renewable energy industry in Germany had a US\$32.9 billion turnover in 2007 and employs more than the nuclear and brown coal industries combined. All this in a country with a fraction of the solar resources of Australia.

Many world experts, including Prof Ross Garnaut, have called for a gross metering (as opposed to net metering) FiT as the only way to accurately price the benefits of renewable energy technologies. The concept of net metering is flawed as you will never know how much electricity you actually use. In turn, how can you then calculate your pay-back period? The key to the FiT is not only to provide a guaranteed payback within the life of the scheme, but also a profit. This cannot be realised with net metering. It offers no certainty. It offers no guaranteed return on investment.

Dr Muriel Watt from the School of PV and Renewable Energy Engineering at UNSW, recommends a nationally consistent gross metered FiT, which initially aims to repay capital cost over 15 years. It must be guaranteed for a set period, again to provide certainty and encourage investment.

Dr Watt also recommends that all customer sectors should be eligible and that there be no caps. She stated:

“Care must be taken with the introduction of any system cap as a low cap can result in a rush to install, with the program cap reached within a few months, as has occurred in several other countries. If a cap is absolutely necessary, a system of “tiers” based on installed capacity could provide predictability for investors and a known expense for government.”

The 2kW system cap introduced as part of the Victorian FiT has caused much outrage in the state, as the average Victorian family will never generate enough power to receive payment from the scheme. It has been labelled as government greenwash.

Existing renewable energy technology is available now, at scale, with proven reliability, capacity and scalability, and at a cost 4 to 5 times lower than the true cost of fossil fuel generated energy. With a nationally consistent gross metered FiT, we have the opportunity to give renewable energy the favourable conditions it deserves. In a world where governments are agreeing to collectively reduce greenhouse gas emissions, Australia cannot afford to be left behind.

References

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Thank you for the opportunity to make a submission.
This submission was made by Miwa Tominaga.