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

By HUSH WIND POWER LIMITED
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Hush Wind Power Limited is a company that is bringing to the domestic and commercial market the most advanced micro-wind turbine available today. The Hush Wind turbine, based on an Australian design (with patents held globally) and manufactured in Australia, is the highest rated small-scale electricity power generation unit in terms of kWh output than any competitor, due to the excellent co-efficient of performance as reported by RMIT in Melbourne after wind tunnel testing. In addition to performance, its stylish appearance and noiseless operation overcomes the barriers that until now have prevented large scale uptake of domestic wind systems as a renewable domestic solution.

The company is managed by a Board of Directors with many decades of renewable energy expertise, and who have a firm understanding of the policy settings across various State and Federal jurisdictions in which the company operates.

The company recognizes the need for government mandated incentive frameworks that ensure the viability of renewable energy technology companies competing against entrenched, large-scale, cheap but environmentally unsustainable coal fired power suppliers.

Hush Wind Power therefore strongly supports a uniform National Feed-In Tariff (FiT), and commends Senator Milne for her efforts in proactively bringing this issue to the forefront of the renewable policy debate in Australia. Hush Wind Power consider a National FiT as an outstanding policy initiative that delivers a practical, immediate and cost-effective incentive framework that will enable the Australian domestic renewable energy industry to flourish.

Due to the commitment by dedicated environmentalists such as Senator Milne to reducing greenhouse warming, vast numbers of Australians across the country are now motivated to reduce their carbon footprint by seeking domestic renewable power solutions.

Many Australians are willing to embrace renewable energy technologies for the first time, and Hush Wind Power are as enthusiastic as any to ensure their experience is as positive as possible. Unfortunately navigating the various renewable policy incentive frameworks presents a challenge to suppliers and consumer alike – though none more so than determining a customer's eligibility to an electricity retailer's FiT.

As a new entrant into the renewable energy market, Hush Wind Power have found the current FiT landscape, despite the best intentions by State governments and some retailers, to be developing in a fragmented and distorted way. Across the national electricity grid rates are set according to individual State/ Territory government preference and electricity retailer's financial imperatives.

This situation serves as a potential deterrent to customers of domestic renewable energy technologies, and represents a risk to renewable energy companies where FiT availability is a key purchasing driver.

Prospective customers have to navigate a complex path to determine whether their:

- State or Territory government has mandated FiT;
- Electricity retailer supports feed-in tariffs;
- Preferred technology solution qualifies for FiT – i.e. in some cases eligibility is limited to Solar renewable products
- Current retailer FiT rate is competitive with rates offered by competing retailers.
- Power generated and exported to the grid is paid for at a net or gross rate.

In addition, we see market distortions that give a preference for solar power feed-in to the detriment of newer technologies. Products with the potential to outperform in delivery of kWh per unit of cost, will suffer from lack of consumer motivation.

The need for a unified and consistent approach to feed-in tariffs across the National Grid is essential. Hush Wind Power feels that as there is already an established national electricity market for large generation & electricity consumer businesses, in the form of the National Electricity Marketing Company (NEMCO), an appropriate facility for management of a uniform FiT regime may already exist and require only political will for implementation.

The company sees the establishment of a National FiT scheme as setting a sound foundation in the national renewable incentive policy framework. We therefore strongly support the principles of the Bill, and have presented further assessment against its specific sub-sections as detailed below:

34A: Feeding-in of electricity to grid by owners of qualifying generators
Owners of qualifying generators feeding into the grid will be required to install the unit and metering equipment to standards specified by the distributor responsible for electricity delivery across their infrastructure. . We would also seek to have qualities of service (e.g. grid connection timeframes) established, monitored and enforced between potential competing retailers and distributors such that customers with qualifying generators are not disadvantaged in this scenario.

34C: Feed-In Tariff Scheme
The company wholeheartedly supports the position that owners receive payment for all electricity produced by the qualifying generator. Due to the fragmented nature of the existing system, a change to gross metering from net metering (as has traditionally been done in southern states) is now gaining some momentum in Queensland. As a number of states have "gone it alone" in introducing their own FiTs, Hush Wind Power wish to raise the issue that States may be expected to pay for another metering regime change. The company welcomes the setting of FiT for 20 years for qualifying generators, removing variability in the current system and rewarding customers with a guaranteed return-on-investment over the longer term.

The company acknowledges the vital importance of feed-in tariffs in the domestic renewable electricity sector – the presence of feed-in tariffs will strongly encourage households to make the commitment in domestic renewable technologies, knowing that payments received for the clean power their unit is generating will offset their usage costs, vastly improving their returns on a not insignificant capital investment.

We feel this is a pivotal time for the renewable energy sector, that given the right policy framework (such as is proposed with a National FiT scheme), it can demonstrate a range of technologies which - when adopted more broadly across the country - will make a real and immediate difference in reducing household demand for coal-fired baseload power.

34D: Feed-In tariff rates

Various States have introduced FiTs with Time of Day (ToD) ratings, to reflect the value of renewable power provided to the network during the day, that also coincides with the commercial/industrial and sometimes domestic peak load.

The company sees no reason to change this approach, however sees some benefit in standardizing the ToD rates to 2 periods - a weekday rate, and an after-hours/ weekend rate. This would keep the system simple to administer in terms of metering & reporting. It also aligns with trends in the retailing sector that have seen daytime peak/shoulder tariffs incorporated into a standard full-daytime rate.

The company does raise concerns about setting different rates of feed-in tariff according to type and location of qualifying generators.

Presently FiTs (where they exist) are generally skewed in favour of Solar technologies, with Solar PV products receiving up to 4 times the rate of other renewables. In fact the Victorian Government has mandated a rate of $0.60/ kWh for renewable Solar power fed to the grid, as opposed to a typical $0.44/ kWh (Qld & SA) for other solutions.

Applying higher rates to specific technologies risks focusing consumer sentiment for their renewable dollar into this certain area, and conflicts with the stated Federal policy of "not picking winners". Coupled with other complementary incentives specific to that sector (e.g. Rebates), emerging technologies are at a significant disadvantage in gaining solution awareness in the market.

Unless a case can be strongly made (e.g. cover additional costs in remote areas), we see no reason for the Minister to divert from setting a ToD fixed rate per kWh for all renewable energy generated and fed to the grid. Setting separate rates of tariffs per product will lead to subsidizing of technologies that generate power at a higher kWh per dollar cost to other more efficient solutions.

Supporting Hush Wind Power's strong preference for the feed-in tariff to be applied to renewable solutions at a flat rate per kWh, is that it provides the right policy structure in which companies can compete evenly, and allows consumers to make

purchasing decisions on the efficiency of competing/ complementary solutions in a transparent manner.

34E Levy rate
The company understands the need for the system to be funded, but feels that funding the scheme from alternative sources – rather than via a MWh levy on electricity retailers and subsequently consumers – would guarantee a more favourable acceptance of the scheme in the community.

34F tariff feed-In register
The company strongly supports the establishment of the proposed regulatory framework that will provide a national central point of administration for the scheme. Giving responsibility to the regulator for reconciling FiT meter-reports and payments is welcome, as independence of FiT payments processing from retailer billing operations will provide consumers and suppliers with the transparency required for smooth operation of the scheme.