SUNPOWER

The Secretary
Senate Standing Committee on Environment, Communications and the Arts
PO Box 6100
Parliament House
CANBERRA ACT 2600

11 August 2008

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

When discussing a national Feed-in Tariff for Australia, it is important to review the experiences of others. Countries such as Germany have shown that this economic measure provides solid answers to the questions of how to encourage the development of a renewable energy industry, create an energy aware population, and reduce greenhouse gas emissions.

There is a need for the Federal Government to provide harmonisation between the different feed-in tariff initiatives already underway in almost all states and territories around the countries.

While it is recognised that the economics of electricity generation and consumption vary throughout the country, what does not change is the need to reduce greenhouse gas emissions.

Much of the debate so far has focussed on the effect that feed-in tariffs have on domestic electricity customers. We support the introduction of a national feed-in tariff, with a preference for gross but at least a net metered program for embedded PV systems. Our submission aims to concentrate on commercial and utility scale projects, and the ways in which such a tariff would improve the current situation.

Commercial and Utility Scale Projects

A commercially viable renewable energy project requires:

1. A stable regulatory environment
2. A stable financial environment
3. A competitive rate of return

By guaranteeing a tariff over 20 years or more, investors can forecast over the lifetime of a project with confidence.

By using a gross rather than net metered tariff, reliable financial estimations can be made based on the predicted yield of the generation equipment, rather than the consumption patterns. A gross metered tariff is also a more accurate way to reflect the value of embedded generation, a view confirmed in the Garnaut Climate Change Review, Draft Report (June 2008)

By setting a tariff amount based on expected financial returns from the generation equipment, such as the 60 cents/kWh proposed in A.C.T., the market will encourage the construction of renewable energy generation equipment. We commend the A.C.T. model and we support a national rollout of such a product.

Unlike domestic consumers, commercial organisations have not been encouraged to generate power from renewable sources. The PVRP/SHCP and other rebates have not been available to businesses. With the local REB schemes not allowing over 30kW of generation capacity, a commercial installation has been largely impractical.

Commercial customers also consume much of their electricity during the peak sun hours, unlike the majority of domestic consumers. They are also more likely to be on a time-off-use contract from their electricity provider, where premium rates are charged for use during periods of peak demand.

The creation of a long term investment in renewable energy generation infrastructure also locks in a long term commitment from businesses to reduce greenhouse gases, avoiding quick solutions that are easily wound back when the company changes strategy.

It is clear that the lack of a national feed in tariff (net or gross metered) is the key impediment to the development of a large scale renewable energy industry, particularly one using solar photovoltaic technology.

We wish the enquiry well, but invite government to consult the industry associations or us further on this important matter.

R K Blakiston
Managing Director
SunPower Corporation Australia