



14 August 2008

Committee Secretary
Senate Standing Committee on Environment, Communications & the Arts,
Department of the Senate
P O Box 6100
Parliament House
Canberra, ACT 2600

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

LIVE (Locals Into Victoria's Environment) and Bass Coast Climate Action Group thank Senator Milne for proposing the above Bill and calls on the Senate to support its passage into legislation.

Climate change is happening much faster than even the worst case scenarios predicted by IPCC scientists. Further evidence emerges daily that our climate is approaching dangerous tipping points - such as the polar ice vanishing 100 years ahead of schedule
<http://www.guardian.co.uk/environment/2008/aug/10/climatechange.arctic>.

We know that by driving our environment to collapse we will decimate our economy. Business as usual is simply not an option.

Australia must move rapidly towards a zero emission economy and, while it will be a massive transition, it is doable, it will be affordable and it must be done.

Yet, according to a study released in November 2007 by the Washington based Centre for Global Development, Australian power plants are the most polluting in the world, producing more than 11 tonnes of carbon dioxide emissions per person each year compared to the United States which is ranked the second most polluting with nine tonnes per person while China is down the list with only two tonnes per person (including the imbedded carbon from producing most of the products consumed by developed nations).

For a developed country like Australia to have such a poor performance for electricity generation is unacceptable. All Australians must take a role in reducing the greenhouse gas (GHG) pollution from electricity generation, along with other emission intense activities.

Meanwhile, the Australian and New Zealand Solar Energy Society states "there is sufficient roof space on homes alone to produce the total electricity requirements of Australia...using existing photovoltaic (solar) technology."

Given successful Feed-in Tariffs (FITs), which fairly puts a premium price on non polluting electricity, have been introduced by over 40 countries so far, and proven extremely successful in generating an uptake in zero emission energy technologies, there is enormous potential for the renewable energy industry here in sunny and windy Australia.

Deborah Hart, August 2008

FITs are popular because they cost the Government nothing. FITs offer initially around four times the market rate, decreasing by 5% a year over 20 years. They encourage early adopters of new technology and boost production resulting in falling prices which allow the FIT to be phased out. Renewable energy companies can expand because of increased demand. Banks will lend on projects because of the secure flow of finance. Consumers still shop around for the best and cheapest products, so firms have to innovate and compete.

Currently in Australia, total energy and transport subsidies (fossil fuel subsidies) are between \$9.3 billion and \$10.1 billion. Of these, \$9.0 billion to \$9.8 billion support fossil fuel production and consumption, while only \$317 million to \$334 million support renewable energy or energy efficiency. Support for renewable energy and energy efficiency is about 3.1 to 3.6 per cent of the total level of identified subsidies. (Source: Institute for Sustainable Futures report in Australia 2007) In fact our governments (state and federal) have been propping up the fossil fuel industry by spending 28 times more of our tax dollars on fossil fuel based energies such as coal, oil and gas than on renewable energy.

Meanwhile, In Germany around 30,000 are now employed in a solar industry worth over \$6.5 billion. Germany has 400 times the installed solar capacity of Australia with only a fraction of our sunshine. A decade ago Australia lead the world in solar technologies

Due to the successful feed-in tariffs in Europe, there are farmers earning more money generating renewable energy electricity and feeding it into the grid than they are from farming. Imagine the prospects for Australian farmers currently facing enormous hardships due to the prolonged drought – which scientists have been predicting that Australia will suffer due to climate change. Instead of handing out drought relief, we should be assisting farmers to become prosumers of valuable zero emission energy.

What we have in Australia is a situation where every sector in our community - industry, unions, farmers, charities, and the general public - have all come out loudly in support of increasing investment in renewable energy. Everyone's at this party except for the coal lobby and our decision makers.

It is crucial to recognize that the current energy system is highly inequitable as increased prices to meet high peak energy demands are built into electricity bills and are part of the reason home users are paying significantly more than the generation costs of 3-4 cents a kilowatt hour from coal (compared to a retail price of 13-15 cents a kilowatt hour).

Another means in which we are perversely subsidising GHG emissions is that home energy users are heavily subsidising polluting industries. Large business pays 6-9 cents a kWh and, in some cases, such as Alcoa, Victoria, only 2.5 cents a kWh which is below cost of production at the coal plant. In our current energy system, home energy users are the losers and those on low incomes, and the environment, are losing the most.

Individually generated solar power is ideally suited to provide peak demand power, particularly on hot days, when many people use air conditioners and the cost of power may spike to as high as hundreds or even thousands of dollars. This fails to recognise:

- The inequity created between working couples vs families at home during the day
- the actual price of power at the time
- the higher price paid by consumers for green power
- the benefits to the environment
- the savings in generation and distribution costs.

Removing all subsidies for fossil fuel energy sources and projects, while putting a high price on pollution, will generate many new opportunities. As experience in Europe has demonstrated, renewable energy and energy efficiency industries offer more secure and more sustainable jobs.

Given Australia has more sun than any other continent on the planet, along with enviable wind sources, we should be leading the way and enjoying the social and economic benefits of creating new cutting edge renewable energy and energy efficiency industries which will generate thousands of new jobs, while making our lifestyles more sustainable.

Ultimately our Governments will fail to fulfil their legal and moral duty of care to protect present and future Australian citizens from the ravages of catastrophic climate change if they continue subsidising energy intensive behaviour and practices.

For a multitude of reasons, it would be foolish and irresponsible for us to continue to protect the OLD at the expense of the NEW local economy. The adoption of an effective national gross metered FIT, as detailed above is the first step we must take towards a zero emission economy.

CONCLUSION: THIS SUBMISSION REQUESTS A FEDERAL FEED-IN TARIFF TO:

Model the ACT legislation which pays a tariff of 3.88 the standard retail price for a guaranteed 20 years on all electricity generated by a renewable energy system via gross metering – not just the excess exported to the grid. Further, the Solar Bonus scheme covers all renewable energy, not just solar, and applies to all sizes of renewables, albeit at a slightly reduced rate – 80% for systems between 10kW and 30kW, and 75% for systems above 30kW in capacity we understand.

OR

Commit to a scheme mandated at 60¢ per kWh, offered for 15 years, paid on the entire output of a system via gross production metering, paid on all renewable energy systems up to 10kW (and at 48c/kWh for systems from 1-kW-100kW), paid to anyone who installs renewable energy – households, businesses and community buildings.

While an emissions trading scheme (ETS) will be a vital component in addressing climate change, on its own, it will not be enough to stimulate the growth in renewables that we need at the speed required. We must also have an effective Feed-in Tariff, as detailed above, to increase the efficiency of the ETS.

Thank you for your attention to this submission. We would be pleased to discuss any part of this submission with you and can be contacted as set out below.

Yours faithfully,

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