

Nigel & Nikki Waters

15 August 2008

Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Cc: Hon Bob Baldwin, MP for Paterson
Penny Wong, Minister for Climate Change & Water

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

We submit that a feed-in tariff for renewable energy generation is essential as an incentive for the installation of generation capacity that does not contribute significantly to carbon emissions, as an important part of a national strategy to address human induced climate change.

We made the decision last year to invest in a solar photo-voltaic system for our home. We did so largely as a gesture of principle and to 'do our bit' to reduce emissions. At present electricity prices and without a feed-in tariff, it was not a rational decision on financial/economic grounds – at a net cost (after rebates) of more than \$4000 for our 1KW system, the payback period is extremely long.

Most households are not in a financial position to make quixotic gestures, and need the incentive of a shorter payback period to justify the investment in alternative energy generation, whether it be solar PV, wind power or other means. A guaranteed feed-in tariff for all electricity generated would provide such an incentive and could lead to a major increase in installed capacity, making a major contribution to emissions reduction and reducing the demand pressure for new large scale generating capacity, with all the difficult choices that entails.

The tariff must be paid on **all** electricity generated, not just the difference between generation and use. This is because most affordable solar PV systems, such as ours, will only generally offset some of the power used. In our case, we have to date (in twelve months) generated over 1MWh, but this is only a third of our overall consumption.

Because Energy Australia only pays us even the standard rate at times when we are generating more than we are using, the payment is derisory – less than \$20 in the year we have had the system. Admittedly we have 'saved' the amount that we would have paid for the other power we have generated, but this in itself does not make our system economic.

We therefore strongly support the introduction of a mandatory and guaranteed feed-in tariff, paid on all production, for renewable electricity generation.

Exclusion of existing installations

From a personal point of view however, we do not understand why the draft Bill limits the payment of the tariff to new generation capacity installed after the commencement of the scheme. We installed our system partly in the hope and anticipation of a feed-in tariff scheme in due course. Under this Bill, we, and the thousands of other households which have already installed solar PV (or wind turbines) would not qualify and would in effect be penalised for being 'pioneers' (We note that Port Stephens Council now uses us as a 'demonstration project' to promote renewable energy).

Given that we will be making the same contribution into the future as the new generators, why should we not also receive the benefit? There may be an argument for not paying the tariff to existing commercial generators who have presumably made their investment decisions on economic grounds, but surely individual households which have installed renewable capacity for principled reasons should not be penalised? Also, if this exemption remains, will the effect not be, potentially, for existing renewable capacity to be 'de-commissioned' in favour of new capacity that would qualify for the higher tariff? This would clearly be an undesirable and wasteful outcome for all concerned.

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