

Submission by Brett Easton and Ramon Gregory of Renewablelogic to the Senate Standing Committee on Environment, Communications and the Arts Inquiry into the Save Our Solar (Solar Rebate Protection) Bill 2008.

This submission is made with respect to the points of reference of this inquiry.

a. the impact of the means test threshold of \$100,000 on the \$8,000 solar rebate per household on the solar industry;

The impact of the means test threshold on our business can be measured by the loss of eligible rebate recipients that we experienced. From a list of 3454 expressions of interest we received from potential customers in the Perth metropolitan area in April as of 2008, only 1141 were still eligible for the rebate subsequent to the rebate means testing changes.

The current rebate means testing is not equitable because we believe that there should not be any variation when funding programmes that are in the public good. Additionally, we have found that some individuals are able to utilise complex financial arrangements that mean they they are subsequently not affected by the \$100,000 means test limit. Therefore the limit does not have the desired policy effect of limiting the rebate to actual lower income earners.

b. the effect on the uptake of solar panels by Australian households, comparing state-by-state results;

The uptake of solar panels appears to have increased dramatically, however we are concerned by the volatility of this uptake, and we are certainly concerned by what may happen if the rebate was discontinued as a result of this increased uptake. We are aware that the initially prescribed limit for the rebate appears to have been reached and exceeded.

In the short to medium term, the supply and price of solar modules and associated equipment has tightened greatly because of decreased supply of equipment and also an increased short term demand across the industry.

c. the impact on the number of applications for the \$8,000 since the budget decision to impose the means test;

The number of applications appear to have increased dramatically since the changes to the rebate. In our view, the means test policy was poorly designed because the policy outcome was at odds with the policy result. The great increase in approved applications puts the Solar Homes and Communities Plan rebate at risk because the rebate was limited to 6000 systems in the next two years.

d. the impact on jobs in the solar industry, comparing state-by-state results;

The volatility of the rebate, and the speed at which the rebates are being allocated puts jobs in the industry at great risk, and does not allow industry to plan adequately for the future. The industry is subject to short term volatility and long term uncertainty which are not ideal or suitable conditions for any industry to operate under, or to consider long term employment of staff.

Jobs are affected not only in the renewable energy industry directly, but in the support industries and roles that comprise our entire supply chain.

- e. **the impact on emissions reductions as a consequence of this decision, comparing state-by-state results;**

Nil response.

- f. **the consultation that occurred within government, including departments and agencies, prior to the decision and the input of each department and agency on the measure;**

Nil response

- g. **the economic and environmental modelling underpinning the decision to impose the means test;**

There appears to have been little economic modeling done to determine what effect the change in the rebate would have on industry. During one of my own conversations with staff in the rebate agency in the days after the means test implementation, I was told that "We do not know what the effects will be because nobody here has done any research or modeling on the effects".

- h. **the extent of the discussion prior to the decision with the solar panel industry on the impact of the decision;**

To our knowledge, there was no discussion with anyone in the industry about the changes to the rebate.

- i. **The future viability of, and effects on, the solar industry as a result of the means test;**

In our view the viability of the industry is reduced, and the volatility experienced by the industry is increased by the effects of the means test.

In the short term, the policy changes caused us financial hardship because we were required to quickly change the way we do business, and then re-contact all of our potential clients, and determine their eligibility, deal with their angered reaction, and then re-adjust our approach to how we would deal with our customer group as a whole.

Because of the increased administration involved in administering the rebate preapproval, and the popularity of solar power systems has increased exponentially (possibly as a direct result of the publicity surrounding the changes to the rebate), we are finding it very difficult to actually gain timely rebate approval. Some rebate approvals have taken longer than 8 weeks. We have approximately 350 applications submitted and less than 100 approved.

Because of the near to 4 to 5 month turnaround between approval to the payment of the rebate, our cashflow suffers because our customers cannot afford to pay for the rebate up front.

Generally, we do not have the ability to operate in an entrepreneurial fashion, and we believe that this will continue to damage the industry.

- j. **the impact on the Solar Cities programs at various sites around Australia and other related programs;**

Industry volatility will not assist any large rollout of solar power systems, as Renewablelogic has found.

k. Other relevant matters:

It is our belief that the rebate system, when used in isolation, is flawed in concept and operation. The industry is currently unviable without ongoing government intervention. The rebate approval process is slow, unwieldy and inefficient, and does not allow private enterprise to take an entrepreneurial approach to solar power at any level. It does not allow the development of the industry into the commercial sphere.

We would suggest two things:

1. Changes to the rebate structure which could retain a stepped means tested component, but which also allow an automatic rebate for every solar module sold by approved sellers (subject to proper conditions). This would allow householders without the necessary means to purchase a system up-front to easily do so.

2. A feed in tariff would provide the industry with the opportunity for a more entrepreneurial approach to their work without ongoing government intervention, whilst encouraging the increased use of private capital to fund system installation in residential and commercial buildings. The feed in tariff must provide the system owner with a reasonable rate of return.