



2G'sSMI Pty Ltd Trading as Sun Wise Electrics (SWE)

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## Enlightening Energy & Electrical Solutions!

**Recipient: Senate Environment, Communications and the Arts Committee**

**Subject: Inquiry into the Save Our Solar (Solar Rebate Protection) Bill 2008**

**Date: 21/7/08**

Hello and Thank You for the opportunity to provide feedback on the means test of the Solar PV Rebate.

My name is Glen Holland, I am the Director of 2G'sSMI Pty Ltd trading as Sun Wise Electrics.

### **My Situation;**

To state that my business has been affected by this decision is an understatement. I have spent the last 12 months establishing myself as an organisation which will be able to make a difference to Australia and the world by actually doing something; namely promoting and installing renewable energy. The decision to means test the solar PV rebate has all but stopped my business in its tracks. Customer desire has almost disappeared over night. I have no new orders for solar installation, since the means test. I am currently considering what to do with my business as a result of the means test decision.

### **Average Cost of 1kW Solar Array Installation;**

Is around \$15K – this is made up with approx \$0.5K administration (system design, filling in Gov forms, ordering, quotes, invoicing, GST & accounting), \$12.5K in materials and \$2K installation. There is generally a gap of approx \$7K to find.

The average pay back on \$7K is 10yrs assuming average of 0.45 cents feed in tariff & 5 peak sun hrs/day (except WA who do not have a feed in rate AT ALL - the pay back in WA is greater than 20yrs) - so as you can see Australians are not doing this for the money.

### **Average Australian Affordability Situation;**

The average Australian earning less than \$100K does not have the capacity to pay the gap of \$7K to install their solar system. Here are some stats from real people in WA who I know who earn less than \$100K -most do not have the capacity to purchase solar panels and just survive!

Average Aussie on \$100k/y expenditure breakdown;

• Cost of mortgage for average home/y of \$400K @ 8.5% interest =	\$30k
• Cost 2 x Vehicle finance/y of \$30K =	\$5K
• Cost of fuel for 2 cars/y =	\$9K
• Cost of Food/y for family of 2 x 2 =	\$13K
• Cost of household utilities/y power, water, gas, phone,sewerage, internet etc =	\$9K
• Clothes/y =	\$2K
• Entertainment/y =	\$5K
• Tax/y=	\$27K
<b>Total</b>	<b>\$100K</b>

From the figures above its clear to see that its not affordable for the average person on under \$100K to install solar PV even with the rebate. The people who were purchasing the solar systems were those above \$100K. Further why was \$100K earning mark decided by the Govt?

That figure is in general not in keeping with all of the other means test marks - mostly around \$150K.

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## Australia's Situation:

The solar industry had just started to establish systems early economies of scale, when the **mean test** decision was announced - at the worst possible time.

*"It's like removing the engines off a jet plane as it is taking off!"*

As I understand it Australia has committed through the Renewable Energy Target to increase the amount of renewable energy to 20% of Australia's total by 2020 - just 11.5 years away.

Unless something changes the Rudd Govt will not be able to meet that commitment without allowing average Australians to install solar. Solar power is the one renewable energy source which is completely available to every household in Australia every day of every year till 2020.

How does the average Australian feel about this - most have this fundamental view, this is the typical BBQ question;

**"I know that our climate is changing, but what can I do about it, other than buying fluorescent light globes and reducing power/gas consumption?"**

Guess what the most common answer is?

**"If I could get some solar panels fitted, I could help, but I can't afford it on my own"**

Why is this answer? Because the **people know** they can offset their energy use by **producing some clean energy them selves** and unlike the Govt the **people know** that the **sun wont stop shining tomorrow!**

The Australian people **know** we need to do something about climate change, the solar PV subsidy was the one vehicle which they had - for their **first real start** in which the **public could get involved in and contribute** - just when the solar movement was getting started the plug was pulled.

Most of the time when decision like this are made (removal of rebates), there is some warning or time frame to allow business to change or adapt.

To pull the plug overnight - was a horrendous decision for the Australian solar industry and for the Australian public's ability to contribute to the reduction of emissions not to mention Australia's ability to meet its 20% RET by 2020.

The driving question that most people have about the means test decision though is this;

*" Why is the solar energy produced by people earning more than \$100K of less value to green gas reduction than the solar energy produced by people earning less than \$100K"*

And the general Aussie reaction is to that decision is this;

*"After all the hype during elections, the one initiative, the solar PV rebate, which was actually effective & doing some thing to reduce green house gasses, was decimated by the very Government who repeatedly bagged the previous Government about not doing anything to reduce carbon emissions - go figure!"*

## Technical Perspective & Facts;

- Solar represents by far the largest renewable energy opportunity - particularly for Australians
- Australia has the world greatest need for cooling - we are the hottest country in the world
- Air Conditioners are used for cooling and operate across Australia during the peak of sunshine period
- Peak energy across Australia is a major problem - adverts on TV during our summers periods are testimony to this
- A network of smaller solar producing systems across Australia significantly increases Australia's grid reliability and integrity
- A network of smaller solar producing systems across Australia significantly increases the efficiency Australia's grid - particularly for rural areas where voltage drops at the end of long transmission lines
- Increasing the amount of energy able to offset our energy peaks improves the overall efficiency and performance of base load power stations and saves our precious Nat Gas for future generations (given that Nat gas is used to fire up Gas Turbines power producers, i.e. those able to rapidly respond to peak energy demand)

- Other countries with latitudes in the 40's, where peak daily sun hours average less than 5, yet they have multiple major solar farms producing significant amount of clean energy.
- Australia has squandered multiple opportunities to export its solar technology and knowledge because of a lack of support for solar industries and inventions
- What gets measured gets managed - the Hawthorn effect works - if people have solar PV on their roof they watch much more closely how much they produce - this is directly related to how much they consume - which gets monitored and managed by default!!
- There are numerous organisations who have significant influence over Govt (such as coal mining & utility Companies/Unions) – these industries have a vested interest maintaining the status quo and not supporting or rejecting solar initiatives
- The amount of money involved in the subsidy scheme is insignificant in the overall Australian budget, yet value of that money for making the change for influencing people toward renewable energy and sustainability is a vital investment in our future - indeed, possibly in our very survival!

### Summary;

If the Fed & State Govs really want to meet the 20% 2020 RET then something will have to change - in the words of Einstein; *"We can not solve the problems of today with the same thinking we had when we created them"*

We need every bodies contribution to make the change - where the momentum emanates from is not important, the fact is that rarely does new fashion or higher levels of thinking start from a grass roots populous level of thinking. The sorts of **change** we need to make in our thinking and technology evolves and **requires support** from governments & people with the means to support that change for the change to become accepted and affordable – **people understand that rebates can't go on for ever, but to stop support overnight was not a good decision!**

We hear Gov speaking about the cost of the rebate and other infrastructure projects, in this instance there is **solid evidence** we **need** to make the **change more rapidly** than previously thought - imagine if this had been the current level thinking existed during the days of CY O'Connor – we would never had a pipeline to Kalgoolie or the Sydney Harbor bridge would never have been built and we would have suffered the effect today.

Right now, these has **never** been, a **better opportunity** for Gov to make **some major change** – the general **public** are **sick of inaction**.

We **need long term thinking** to solve this problem, I would encourage the Committee to read "The Toyota 14 Principles Way" – arguably one the planets most successful companies - I have attached a link your benefit – it's worth a read; <http://www.si.umich.edu/ICOS/Liker04.pdf>

The *Rudd Gov* has the opportunity to significantly influence the public and Committee Members with your leadership you could influence your peers to support the bill to **repeal the PV rebate means test**. One of the fundamental things the public respects is somebody prepared to say we thought we were doing the right thing, but we got it wrong. I feel that Australia is in a prime position in its history to take the lead and demonstrate what can be done, the technology is available, the price is right – all we need is some **quality leadership** to make the right decision.

Please reconsider the means test decision to enable a change which we all know is good and for the right reasons – **Australian's** are **prepared** to accept the cost and **some level of pain** to be able to **personally contribute** to the renewable energy **change** we all **know** needs to **occur**.

To quote perhaps one of the worlds greatest leaders, Mahatma Gandhi would be appropriate to conclude this appeal to **repeal the means test of solar PV**;

*It's the action, not the fruit of the action, that's important. You have to do the right thing. It may not be in your power, may not be in your time, that there'll be any fruit. But that doesn't mean you stop doing the right thing. You may never know what results come from your action. But if you do nothing, there will be no result.*

~~ Mahatma Gandhi ~~

Please Consider

Regards

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