

21 July 2008

**Australian Conservation Foundation
Submission to the Senate Committee on
Environment, Communications and the Arts -
Inquiry into *Save Our Solar (Solar Rebate
Protection) Bill 2008 [No. 2]***

Review means test, improve community access to solar PV

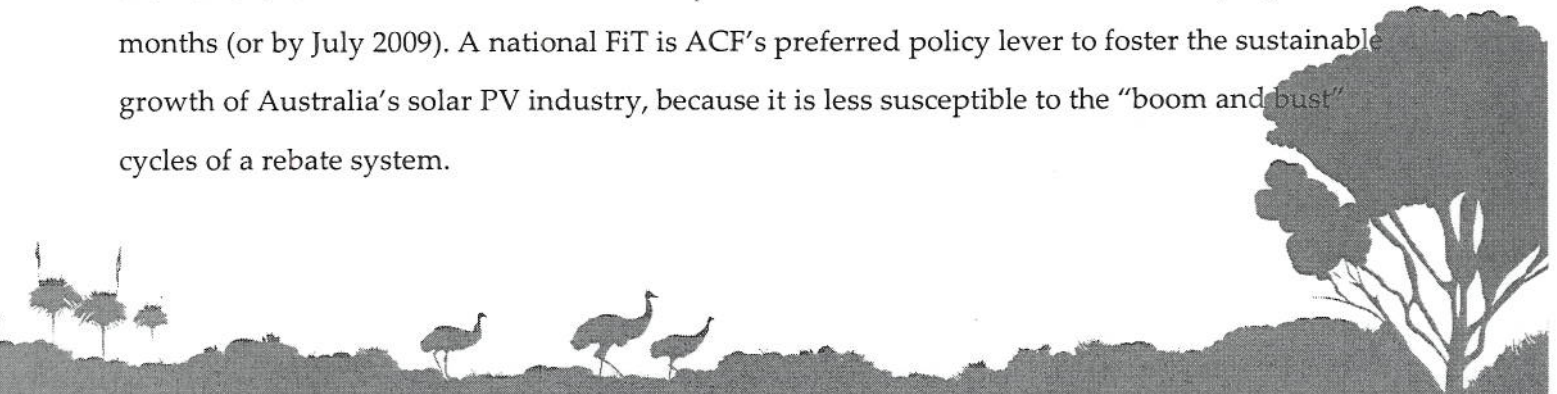
ACF has no opposition to the principle of a means test on the solar PV rebate, and to the targeting of rebates to lower income applicants. However, we believe the new \$100,000 household income threshold is too restrictive, and disruptive to the emerging domestic solar PV industry. It is also having the effect of stalling many community initiated solar bulk buy programs which ACF has been encouraging (see example below).

ACF proposes that the means test be brought in line with that announced for the forthcoming household energy and water efficiency “green loans” program - which has a \$250,000pa household income means test.

ACF would also be open to a revision of the rebate scheme that provided for a progressive scale of rebates according to income, for example, an \$8,000 rebate for household income of up to \$150,000pa and \$4,000 rebate for household incomes between \$150,000 and \$250,000pa.

Introduce a National Solar Feed-in-tariff

ACF calls for the introduction of a nationally consistent and effective feed-in-tariff (FiT) within 12 months (or by July 2009). A national FiT is ACF’s preferred policy lever to foster the sustainable growth of Australia’s solar PV industry, because it is less susceptible to the “boom and bust” cycles of a rebate system.



In order to be effective, the FiT should be based on the ACT model recently approved by the ACT Legislature. ACF believes that the Victorian, Queensland and South Australian FiT models are inferior and should not be pursued at the Federal level in their current form.

ACF notes that:

- The 2007 ALP federal election fact sheet on renewable energy signalled the intention to work toward a nationally consistent solar FiT building on the various schemes being introduced by State and Territory governments.
- The Federal Opposition has called for a national solar FiT (Greg Hunt, speech to CANA Conference, 28 April 2008).
- The Green Party supports feed-in laws for renewable energy (Re-energising Australia, 2007).
- The Senate Committee is currently holding an inquiry on the *Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008*.
- COAG is due to consider the introduction of a “nationally consistent” FiT in October 2008.

ACF acknowledges that it may be appropriate to phase out (or reduce access to) the solar PV rebate program in conjunction with the introduction of a nationally consistent and effective solar FiT. However, any phase out of the solar PV rebate would need to be orderly and well-planned. A two to three year period of overlap with the national FiT would ensure a smooth transition, and the continued growth of solar business and industry in Australia.

Recommendations:

1. ACF proposes that the solar PV rebate means test be brought in line with that announced for the forthcoming household energy and water efficiency “green loans” program - which has a \$250,000pa household income means test.
2. ACF is open to a revision of the rebate scheme that provides for a progressive scale of rebates according to income, for example, an \$8,000 rebate for household income of up to \$150,000pa and \$4,000 rebate for household incomes up to \$250,000pa.
3. ACF calls for the introduction of a national solar feed-in-tariff within 12 months (or by July 2009), based on the ACT model recently approved by the ACT Legislature

Practical example of effect of introduction of means test

Through our networks, ACF has received numerous stories of community-level bulk solar PV purchases that faltered when the \$100,000 means test was introduced. The following open letter provides one example from Adelaide. It has been provided by Andrew Dickson, who is the organizer of the “Adelaide Buyers Group for Solar Systems”.

To whom it may concern,

I am the organiser of the Adelaide Buyers Group for Solar Systems – an informal buying group established to help more people to purchase solar PV and solar hot water systems at competitive prices. I am doing this entirely on a voluntary basis in my spare time.

Almost 400 people have expressed interested in participating in the Adelaide Buyers Group scheme. Round 1 of the scheme closed on 5th June 08, and attracted 65 firm orders for solar PV systems. Almost 11 of these systems have already been installed, and the remaining 54 systems will be installed in August and September this year. Round 2 of the scheme is open until the end of July, and I'm hopeful that up to 80 people could place firm orders in Round 2.

The means test for the PVRP rebate was introduced about half way through the ordering phase for Round 1, and prior to the commencement of Round 2. 12 people from Round 1 stated definitely that they dropped out of Round 1 due to the means test, but it is likely that many more dropped out and didn't inform me. For Round 2, about 30 people dropped out of the group buying scheme because they no longer passed the means test. I would estimate that overall, approximately 30% of the buying group members dropped out scheme due to the means test. Possibly more.

I received some very strong feedback from the buying group members after the means test was introduced. Many of the group members had combined household incomes over \$100,000, and whilst they were very keen to order solar PV systems and be part of a “climate change solution”, the loss of the \$8,000 rebate made it financially impossible for them to proceed. Several people expressed the view that a means test of \$150,000 would have been much more reasonable, and consistent with other government means tests.

Regards,
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The Australian Conservation Foundation is committed to achieve a healthy environment for all Australians. We work with the community, business and government to protect, restore and sustain our environment.
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