

24 July 2009

The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary,

RE: Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009

Kyocera Solar Pty Ltd welcomes the opportunity to make a submission to the Senate Economics Committee in their review of the Renewable Energy (Electricity) Amendment Bill 2009.

Following are several recommendations that should be considered in the committee review;

- A decoupling of the Renewable Energy Target (RET) and Carbon Pollution Reduction Scheme (CPRS) legislation.

These are both important pieces of legislation that need to go through the parliamentary process as individual and separate pieces of legislation. Linking the amendment of the RET legislation to the CPRS legislation serves to slow or stop the passage of RET legislation.

The decoupling is imperative due to the sudden one working day notification of the Government announcement regarding the early termination of the Solar Homes & Communities program and the immediate termination announcement of the RPPGP.

These delays have wasted industry investment in marketing to stimulate the residential sector, have provided confusion among consumers as to the intent of government in relation to renewable energy and has exposed the industry to high levels of financial risk across investment, inventory and has ultimately cost Australia new and existing "Green collar jobs", at time when the economy is in dire need of stimulus.

As an industry we are looking and waiting for the commitment to a smooth transition to the alternative Solar Credits program which was a commitment from the current Government in particular the departments of Environment and Climate Change.

- An increase in the size limitation on systems.

Given the passage of the RET is about to commence it would be an ideal time to improve the architecture of the legislation via amendments which will drive industry and investment in the renewable sector.

The size limitation for the multiplier needs to be increased to provide an incentive for larger scale systems to be installed. The proposed limit of 1.5 kilo Watt (kW) will not provide the encouragement for Australian households to install larger systems to cover their electricity demands, where average household consumption is in the order of 6-7 Mega Watt hours per year, requiring a solar system of 3-5 kW's. The current proposed limit provides minimal stimulus for the larger scale systems in the small commercial Solar market, which will provide greater distribution network benefits. A suggested minimum level of 10kW would provide stimulus to scale up installed system sizes, driving long term benefits for small businesses most in need of support.

- A call for the Phantom REC's to be removed from the RET target.

One issue pertaining to the REC's multiplier is that for every 1 MWhr of true renewable generation there will be 4 MWhrs of Phantom generation reported under the Renewable Energy Target.

In order to maintain the integrity of the RET system and the value of a REC in terms of its renewable energy generation contribution, the Phantom REC's that are generated via the multiplier must be removed from those contributing to the RET target. The contribution to the target must be via real generation and not diluted by the industry support program mechanism.

The Solar Credits program should only be considered as a short term industry support program until the introduction of a National Gross Feed-In Tariff (GFIT) can be achieved. A consistent National Gross feed-in tariff will achieve the objectives of the RET by providing the necessary stimulus for both small and large scale installations, where financial returns are based on actual generation of renewable energy without diluting the RET system itself.

Long term clarity, certainty and predictability in industry support programmes are key to the delivery of continued growth, investment and of cost reductions in the renewable energy industry allowing it to reach price parity.

Your sincerely

A handwritten signature in black ink, appearing to read 'M. Shakeshaft', with a long, sweeping underline.

Mark Shakeshaft
National Manager
Kyocera Solar Pty Ltd