



Thursday 30 July 2009

Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Dear Committee members

RE: Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009 & a related bill

Modern Solar welcomes the opportunity to comment to the Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009 and a related bill, conducted by the Senate Economics Committee.

Modern Solar has been a nationwide installer of rooftop solar photovoltaic systems since November 2007 and is a member of the Clean Energy Council's Solar Photovoltaic Directorate.

Our fledgling industry welcomes the expansion of the Renewable Energy Target to 20% by 2020, but is concerned by the delay in the passage of the legislation that aims to bring this about.

Since the early termination of the Solar Homes & Communities Program (SHCP), our industry has been thrown into limbo; no replacement incentive scheme has been introduced as yet, despite hearing all parties involved are supposedly in favour.

Modern Solar has been trading under the belief the new bill will be passed next month. This ensures our current employees keep their jobs.

But it is clear that the new Solar Credits scheme will not be in place next month or anytime soon. Our decision to continue trading unchanged is therefore a risk that could produce huge ramifications.

With little choice, many companies such as ours are weighing up their options in relation to staffing following the downturn in sales since 10 June. This does not help energy targets or employment.

If the legislation is delayed until next year, the result could be devastating for Modern Solar -- a company that has invested over two years in recruiting, training and nurturing more than 100 dedicated and hard-working people.

If we are forced to cut costs by letting go a substantial portion of our workforce, the costs and time involved in re-recruiting and re-training down the track – presuming the legislation is passed with adequate incentives -- will be enormous.

Australian families considering the installation of a rooftop solar energy generator have abandoned plans since the SHCP was wound up last month – before the replacement Solar Credits Scheme could be legislated.

We need to establish some long term business and customer certainty; the Parliament must not let the anxiety that exists continue any longer.

We acknowledge there remains a pipeline of work for installers. But installers are not the only people employed by this industry.

At Modern Solar alone, we have more than 100 people in sales, marketing, logistics, research and administration. Multiply that by all the players in the industry and it's clear many thousands of jobs must be at stake.

Just as the solar energy industry was expanding and cementing itself as a viable industry, its future in Australia is suddenly looking bleak again.

This will not be a good outcome for the environment or the local economy (we should point out we are a significant employer in Sydney's growing northwest).

Simplicity

We also support calls to simplify the system of issuing Renewable Energy Certificates.

It is clear that the previous scheme was simple to follow – homeowners received a rebate of up to \$8,000 for installing a rooftop solar energy system.

The proposed Solar Credits scheme is less generous and more complex to understand for the average consumer.

We understand the Government's obligation to responsibly manage the cost of the scheme on behalf of all taxpayers.

But we should also all be concerned that its complexity may work against the intent of the legislation, which is to increase Australia's renewable energy capacity.

Business

We also encourage the Committee to extend the proposed Solar Credits scheme beyond homes and community use buildings to include businesses.

Businesses were not eligible for the SHCP rebate.

This restricted the take-up of solar energy to a significant sector of the country – one that is capable of substantially increasing Australia's solar energy generating capacity and reducing our reliance on coal-fired electricity.

We encourage the Committee to make solar energy more attractive to business.

Gross Feed-in Tariff

We also urge the Committee to consider a national gross feed-in tariff.

This measure has proven to be a low-cost and easy to follow way to stimulate the uptake of solar generation systems globally.

It is difficult for homeowners to understand how a net feed-in tariff will cut their energy bills, as most household solar systems produce only a fraction of their daily energy needs. A gross feed-in tariff is a very simple mechanism which works for everyone.

A national gross feed-in tariff will:

- help Australia meet its greenhouse gas reduction targets
- offer paybacks to the end user that can be simply measured
- boost investment in renewable energy
- stimulate production of more productive and ecologically friendly panels
- generate more green jobs in Australia, and
- utilise our natural advantage as the continent with the most sunny days

The current hodge-podge of disjointed, state-based systems does not work because they:

- do not reward system owners adequately for their investment
- do not recognise the economic and environmental value of grid connected solar power systems
- create confusion and inconsistency among national operators

We would be happy to discuss the issues raised in this submission with you in person. Please contact Jim Hanna of Wilkinson Media on (02) 8001 8888 or 0414 828 629

Yours faithfully,

Ron Bayley
Managing Director
MODERN SOLAR