



Committee Secretary  
Senate Standing Committee on Economics  
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Canberra ACT 2600

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20<sup>th</sup> July 2009

Dear Secretary

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

Conergy welcomes the opportunity to make a submission to the Senate Economics Legislation Committee in their Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009.

Conergy Pty Ltd, established in January 2005, is the Australian subsidiary of Conergy AG based in Germany. Conergy supplies a broad range of products and solutions for solar thermal, grid connect & off grid solar and small wind power applications. With head office in Sydney and other sales and warehouse facilities located in Melbourne, Brisbane and Perth we have rapidly rolled out a qualified dealer network across the continent. Conergy Pty Ltd is developing into Australia's predominant business-to-business distributor of solar energy products through a dedicated channel of trade and retail businesses.

The Renewable Energy Target scheme is an excellent mechanism and has, to date been successful in expanding the renewable energy market by utilising REC's and other state based schemes. This success is demonstrated by the growth of the Renewable Energy Industry in Australia since 2001, in particular the Solar Industry. Prior to the implementation of the MRET the installation of solar thermal systems and solar PV systems in Australia was less than 30,000 systems & approx. 1.5MW per annum respectively. Following the introduction of the MRET in 2001, total installed solar capacity increased by an additional 40,000 systems per annum and is now upwards of 80,000 solar thermal systems installed per annum & over 10MW of PV installed in 2008. There are also a large percentage of installed systems that do not qualify for REC's and hence have not been accounted for in these figures. Since the MRET was introduced solar thermal has become the second largest generator of REC's (Renewable Energy Certificates).

The policy signals provided by the MRET have already led to a reduction in the emission of greenhouse gases and an increase in national economic development arising from investment in renewable energy infrastructure. Expanding the RET and increasing the percentage of energy from renewable energy sources is necessary to ensure the smooth



continuation of industry including maintaining and expanding the “Green Collar workforce”, investment, research and development.

### **Implementation of the Legislation**

The delay in implementing the RET Legislation is beginning to have adverse effects on the Solar PV Industry. When the Rudd Government promised a “smooth transition” from the SHCP to the Solar Credits Program, the Solar Industry believed the Government was truly committed to a Green Future in Australia, utilizing Solar Energy. Once again the Solar Industry has been let down by a Government failing to deliver on its “Green promises”.

After agreeing with Industry, the Government announced a “smooth transition” from the SHCP, upon its conclusion of the Solar Credits Program in mid 2009. However, once again the Government disappointed the Industry and cut short the SHCP, 3 weeks early on 9<sup>th</sup> June 2009, with no transition plan in place, giving the Industry and a committed community only 6 hours notice as to its conclusion.

So here we are again, the Industry is facing hundreds of job losses, an uncertain future and no industry development mechanism in place. The Industry has a backlog of orders from the SHCP however that only supports half of the business – the back-end of the business made up of installers and some admin staff. What happens to the front end of the business – the part bringing in the sales and income? There are no solar PV sales coming through the door. This in turn has and will continue to cause job losses, threaten planned business expansion, threaten the very existence of some businesses and worst of all will drive down REC’s prices, which has already happened. The current REC’s price is approx \$38, a long way off the \$50 price that Government quoted when introducing the Solar Credits idea.

### **Solar Credits**

The Solar Credits multiplier on small scale generation units such as PV solar and small scale wind is a credible (with outlined changes below) transitional approach away from previous industry rebates, however the industry requires more long term certainty. Long term certainty is necessary to encourage investment in the industry for long term growth and development.

- The limit of 1.5kW for household installations must be increased to 10kW to enable enough stimulation of the market and deploy sufficient PV solar and small wind to drive cost down to a competitive level.
- Small Wind should enjoy the same deeming period as Solar PV of 15 years for REC’s. Conergy recommends amending the Regulations to increase the deeming period for the generation of RECs for small wind to 15 years.
- The Multiplier creates ‘Phantom’ RECs and as such the target should be adjusted to account for these “phantom” RECs ensuring the Annual Targets energy generation are properly met.



- Finally Conergy maintains its position and recommends that a Gross National Feed-in Tariff be introduced for Solar PV and small wind, transitioning smoothly over from the Solar Credits Program as it phases out.

Finally, the RET Legislation must be passed through both the Senate and House of Representatives as soon as possible, without further delay. This will enable the Renewable Energy Industry to get back to growing and thereby reducing Australia's emissions.

Conergy is always available to assist the Federal Government in building a greener future for Australia, and we look forward to continually participating in shaping climate change and business policy in the future.

Thank you again for the opportunity to provide input into the Senate Economics Legislation Committee's Inquiry into the Renewable Energy (Electricity) Amendment Bill 2009. Should you have any queries, or require clarification on any of the points outlined in this submission, please contact me on 0418 919 807.

Regards

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