



Submission to the

Renewable Energy (Electricity) Amendment
Bill 2009

and the

Renewable Energy (Electricity) (Charge)
Amendment Bill 2009

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The Justice and International Mission Unit, Synod of Victoria and Tasmania, Uniting Church in Australia (the Unit) welcomes the public consultation processes with regard to the increase of the Renewable Energy Target.

We support the Government's commitment to increase the Renewable Energy Target to 45,000 GWh of renewable energy by 2020. The stationary energy sector has seen an increase of 47% in emissions since 1990¹, and is the fastest growing source of emissions.² The expanded Renewable Energy Target provides a stronger incentive for investment in renewable energy in order to shift reliance on coal-fired electricity generation.

This submission addresses elements of the *Renewable Energy (Electricity) Amendment Bill 2009* and the *Renewable Energy (Electricity) (Charge) Amendment Bill 2009*.

About the Uniting Church in Australia

The Uniting Church's commitment to the environment arises out of the Christian belief that God, as the Creator of the universe, calls us into a special relationship with the environment – a relationship of mutuality and interdependence which seeks the reconciliation of all creation with God. We believe that God's will for the earth is renewal and reconciliation, not destruction by human beings.

The Synod of Victoria and Tasmania passed the following resolution at its annual meeting in 2007 in relation to renewable energy:

To call on the Federal, Victorian and Tasmanian Governments to work collaboratively:

- *to set a target to stabilise and then reduce residential, industrial and government per capita electricity consumption with supporting legislation and programs, with the inclusion of measures to ensure that low-income people will still have access to affordable electricity*
- *to increase the Renewable Energy Target to 10% by 2010;*
- *to provide financial incentives for households to take up renewable energy;*
- *to mandate the requirement for new building stock to have gasboosted solar hot water systems wherever possible and appropriate in Australia; and*
- *to implement programs to rapidly increase the uptake of gasboosted solar hot water systems in existing building stock;*

General Comment

The Unit believes that the Renewable Energy Target should be about shifting how large scale power generation is carried out. While this should include small scale distributed power generation through renewable sources, such as wind power and solar, it should exclude the installation of solar panels and solar hot water systems by households. The inclusion of these latter elements weakens the role the Renewable

¹ Australian Greenhouse Office, National Greenhouse Gas Inventory 2006

² Department of Climate Change, (2008), *Carbon Pollution Reduce Scheme – Green Paper*, p. 99.

Energy Target should play in shifting power generation in Australia to lower-emission sources.

To date churches have largely fallen outside the availability of rebates and incentives to increase the uptake of renewable energy despite there being significant support for it within Uniting Church communities. The Unit notes that the new solar credits scheme will mean churches are eligible. However, the Unit has a number of concerns with the scheme which are detailed below. Further, the residences in which ministers live still remain an anomaly in terms of their eligibility for the solar hot water rebates. As the Uniting Church property trust owns the property, the Unit has had advice from both Sustainability Victoria and the Department of Environment, Heritage and the Arts that they are not eligible any of the rebates. The Unit would urge a review of their eligibility.

Increase in the shortfall charge

The Unit notes that the legislation details an increase in the shortfall charge from \$40 per megawatt-hour to \$65 per megawatt-hour. Whilst the Unit supports an increase in the price, the Unit would want to ensure that there is a mechanism in place to ensure the price of not complying remains substantially higher than the price of Renewable Energy Certificates (RECs), so as to provide a real incentive to comply.

Solar Credits Scheme

The solar credits scheme introduced to replace the photovoltaic rebate program is seriously flawed and undermines the objectives of the renewable energy target. The creation of multiple RECs undermines the amount of renewable energy that has to be generated as a way of meeting the target. It also places householders in a difficult position. Most people who are seeking to install photovoltaics (PVs) want to do so because they believe they are doing something positive for the environment. Under the new scheme, in order to receive any financial incentive they must sell their RECs. This reduces the amount of renewable energy that power generators must install, thus meaning the householder contributes nothing additional to what is required to occur with the renewable energy target. Therefore, the Unit does not support the inclusion of small scale (household) PVs as part of the expanded Renewable Energy Target.

In order to support household PVs, the Unit would support the use of a no interest green loan scheme for low income households coupled with a feed in tariff in order to make it more equitable and accessible for households who lack the up front capital to install PVs.

Further incentives should also be given to direct the strategic use of solar – such as at the edges of the grid where inefficiencies are greatest, where grid zone infrastructure is stressed or where it would replace the use of diesel generators.

Solar hot water

The Synod is supportive of the need to increase the uptake of solar hot water and commends the Australian Government for providing rebates (now through the Energy Efficient Homes package) to do this. However, solar hot water in households should not be included as a contribution towards the Renewable Energy Target. Solar hot water does not generate electricity onto the grid and should therefore not be included in a scheme intending to increase the proportion of renewable energy available. The Government should continue to find ways of supporting the rapid uptake of solar hot water through other mechanisms.

Conclusion

The Unit commends the Australian Government for fulfilling its election promise to increase the renewable energy target. However, we would urge that the target not be undermined by the solar credits scheme and the inclusion of solar hot water and that there be an effective price mechanism in place to ensure retailers comply with the scheme.