05/09/2011

TO THE STANDING COMMITTEE ON ENVIRONMENT AND PUBLIC AFFAIRS

Your Reference to petition No 125

We would implore the committee

To seek a fair price for the feed in tariff and for that fair price to be determined

by an independent study.

The ceasing of the FiT is likely to have significant negative impacts on solar PV wholesale, retail and

installation businesses as well as those businesses who supply goods and services to them

In the absence of a FiT, the price being offered for distributed energy generation at $0.07 is not a fair price for the consumer and provides perceived windfall gains for Synergy.

It is seen as unfair / un Australian by consumers.

A 2007 report by APVA to the Office of Energy (then SEDO) gave a 'fair price' for exported energy at between $0.13 and $0.16 per kWh for exported energy; a fair price is now likely to be higher.

Consumer equity should be maintained regardless of when a system is installed. It is likely that there will be significant inequity with residential consumers receiving different rates for exported energy, dependent on when the system was installed e.g. $0.40 / 0.20 / 0.07 per kWh depending on the time of installation.

The 1:1 export pricing (excluding GST) seen prior to the FiT introduction (and maintained for education and not-for-profits) was seen as sustainable. Why then must the $0.07 remain after the termination of the FiT?

Government consultation, through the Office of Energy, with the industry on the prior FiT changes and the introduction of the cap 150 MW has been seen by the industry as poor to non-existent. Current progress on how soon that cap will be reached is opaque to the industry, making it very difficult for businesses to plan effectively.

Our best estimate is that it will possibly be as soon as September / October this year.

The industry needs certainty in order to avoid boom/ bust cycles. Without an orderly transition from the FiT to only REBS, there is likely to be an internal industry collapse. This has been seen in Australia (NSW) as well as overseas, with rapid changes to policy without any transitional measures causing problems with developing an industry that is sustainable in the long term.

While solar PV is likely to hit grid parity potentially by 2014/2015, the value and capability of the industry is likely to be significantly eroded without some form of price support.

There are significant regulatory and rule based barriers, including: regulations, technical rules etc. which need reform to address many of the industry problems.

The capacity market pays a price of $0.61 per kWh ($186,000 / MW) for energy. How is this reflected in the price paid for the capacity provided by solar PV systems? This is an issue that lacks clarity for the industry on how this is reflected in the market price for exported energy.

The industry does not seek subsidies, just a fair price to be paid for consumers' exported energy.

Yours Sincerely

Tony Ryan