



**Conservation Council  
of South Australia Inc**

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120 Wakefield Street  
Adelaide  
SA 5000

30 March 2007

Mr Tim O'Loughlin  
Department of Premier & Cabinet

Dear Tim

Please find below a copy of the Conservation Council of South Australia's (CCSA) submission to the Feed-In Mechanism Public Consultation process. Please note that its brevity in no way reflects the enthusiasm we have for the concept, but rather is a reflection of our lack of human resource capacity at present.

We would be happy to discuss any aspect of this submission with you should you require further information or clarification: Please contact CCSA Campaigner Mr Jamnes Danenberg on [jamnes.danenberg@ccsa.asn.au](mailto:jamnes.danenberg@ccsa.asn.au) or ph 82235155

Thank you again for the opportunity to comment on this exciting proposal.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Julie Pettett', written in a cursive style.

Julie Pettett  
CEO  
Conservation Council of South Australia

# CCSA Submission on the Solar Photovoltaic (PV) Feed-In Tariff Legislation

## Table of Contents

|           |                                                            |          |
|-----------|------------------------------------------------------------|----------|
| <b>1.</b> | <b>Introduction</b>                                        | <b>2</b> |
| <b>2.</b> | <b>Issues of Concern</b>                                   | <b>2</b> |
|           | <b>i) The level of the tariff</b>                          |          |
|           | <b>ii) The method of metering</b>                          |          |
|           | <b>iii) The length of time the scheme will operate for</b> |          |
|           | <b>iv) The eligibility criteria for the scheme.</b>        |          |
| <b>3.</b> | <b>General Comments</b>                                    | <b>3</b> |
| <b>4.</b> | <b>Conclusion</b>                                          | <b>4</b> |

## **1. Introduction**

The Conservation Council of South Australia Inc. (CCSA) is South Australia's peak non-government community environment organisation. Formed in 1971, it is an umbrella group for over 50 of the state's diverse environment groups, who collectively represent over 60,000 individuals.

Firstly, CCSA would like to commend the Government for initiating this process of public consultation around the Feed-In Tariff for Solar Photovoltaics (PV) and for giving the community the opportunity to contribute to the development of this policy.

The proposal for the feed-in tariff itself is an excellent idea that mirrors the introduction of such schemes in numerous overseas jurisdictions. Such a tariff would be a first for Australia and although we heartily congratulate the Government on this, it comes with a great responsibility to get the details of the legislation right. This would send a strong message to South Australian consumers and will, if implemented correctly see a huge interest in, and uptake of, Solar PV here in SA.

Furthermore, we believe it will also act as a catalyst for other jurisdictions to enact similar legislation, and therefore it is all the more important to get it right the first time.

We have no doubts that if correctly implemented this legislation will assist SA in achieving its desired targets in relation to Greenhouse gas emission reductions. We have serious concerns however that the proposal in it's current form will not achieve its potential and will fail to stimulate the rapid uptake of Solar PV that it should be capable of. Other states that may have adopted a "wait and see" attitude in the mean time will subsequently be discouraged, and a great opportunity lost, if not forever, then definitely setback substantially.

## **2). Issues of Concern.**

Our main concerns centre around the fine detail of the main pillars of the proposal; namely

- i) The level of the tariff
- ii) The method of metering
- iii) The length of time the scheme will operate for
- iv) The eligibility criteria for the scheme

### **i) The Level of the Tariff**

We note that the Commonwealth's 2004 Energy White Paper stated:  
*"Current electricity market arrangements do not appropriately reward these benefits of solar technologies, nor do they provide appropriate price signals for energy efficiency"* (p46).

CCSA note that the Government has proposed that the feed-in tariff be set at double the nominal retail price (ie 44c/KWh) CCSA believe that this level fails to adequately reward those people who have made the (considerable) personal financial investment into adopting the technology (the Federal Governments' Photovoltaic Rebate Program (PVRP) of \$4000 per installation notwithstanding).

We do not believe the approximately \$130 per annum that the SA Governments tariff will generate for contributors will translate into any significant increase in Solar PV uptake.

**ii) The Method of Metering**

Furthermore, the Governments stated preference for metering of net export (ie electricity exported to the grid after deducting the households own consumption) fails to reflect the standard most commonly adopted elsewhere in the world where such metering applies to gross production.

We consider that the net export model will not meet the stated aims of the government as it is currently constructed. Alternatively, if the government does wish to use the export model we would suggest that it adopt a tariff of at least five times the retail price. This would still be dwarfed by the price paid for electricity during peak times (given SA has one of the "peakiest" power demand profiles nationally).

**iii) The Length of Time the Scheme will Operate For**

It is currently proposed that the scheme will have a fixed life of five years. CCSA believe that this timeframe is manifestly inadequate to achieve desired goals and is fundamentally inequitable as any incentive is reduced by a factor of 20% each year. In other words someone signing up in the fourth year of the scheme's operation would only benefit for 12 months or less. At the very least the scheme should be conducted over a rolling five year period - thus removing any inequity between early and late adopters.

This method however is far less preferable than an approach that truly reflects the value of the Solar PV system to the community and the environment. CCSA considers that PV owners should be appropriately recompensed (ie at five times the normal retail rate) for the entire 20-25 year lifespan of their PV system. If they keep producing and exporting electricity to the grid, and continue to reduce demand for peak generational capacity, then CCSA see no reason they should not continue to be paid for their output.

**iv) The Eligibility Criteria for the Scheme**

The Government's proposed model limits the schemes' applicability to residential customers only. CCSA strongly believe that this is inequitable and counterproductive and discriminates against business. CCSA understand that many commercial and industrial customers would be keen to take advantage of this opportunity to generate their own power and export any surplus back into the grid.

**3). General Comments**

Combined with the gross production model and a higher tariff, CCSA consider that such an initiative would see a dramatic response in the market, which has shown itself to be quite sensitive to financial incentives in the past in relation to the uptake of Solar PV technology.

CCSA concede that such a model may see a small increase in the cost of the electricity for the average (non Solar PV) consumer of between \$2.00 -\$ 5.00. To put this in perspective however, switching just one 60W incandescent bulb that runs for 2hrs a day to a compact fluorescent is estimated to save approximately \$6 per annum. If the Government was concerned about the impact such a miniscule increase would have on electricity bills, CCSA would like to suggest that it could consider simultaneously adopting a strategy adopted by a Californian utility company. PG&E's found it more profitable to supply customers with free compact fluorescents, rather than construct additional power stations!

#### **4). Conclusion**

CCSA would like to re-iterate our support for the SA Government's proposed Feed-in tariff legislation, but insist that it must be meaningful and real if it is to fulfil its potential.

If it does not adopt appropriately scaled tariffs for all customers for the life of the systems, it will not achieve its stated goals of encouraging widespread Solar PV uptake. Nor will it realise its potential to substantially reduce greenhouse gas emissions or contribute to achievement of the targets for renewable energy generation recently passed in the Climate Change and Greenhouse Gas Emissions Bill.

If the SA government does adopt a decent tariff along the lines we have described, it will not only catalyse other states and territories Australia wide, but will be a boon to the Solar PV industry, creating tens, if not hundreds, of new jobs and could see the uptake of 30MW or more of new Solar PV capacity in SA alone.

**For further information please contact CCSA Campaigner  
Mr Jamnes Danenberg on 8223 5155 or 0411 028 930 or  
jamnes.danenberg@ccsa.asn.au**