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20 November 2009

Manager, Feed-In Tariff
Sustainable Energy Development Office
Office of Energy
Level 9, Governor Stirling Tower
197 St Georges Terrace
PERTH WA 6000

By email: fit@energy.wa.gov.au

Dear Sir/Madam

Re: Western Australian Feed-in Tariff Consultation Paper

The Clean Energy Council (CEC) is the peak body representing Australia's clean energy and energy efficiency industries. Its priorities are to:

- create the optimal conditions in Australia to stimulate investment in the development and deployment of world's best clean energy technologies;
- develop effective legislation and regulation to reduce energy demand and improve its efficient use; and
- work to reduce costs and remove all other barriers to accessing clean energy.

The CEC advocates the development of policies on behalf of its members at federal and state government levels and promotes understanding of the industry and its potential through channels such as industry events, forums, conferences, newsletters and publications. The clean energy industry includes generation of electricity using wind, hydro, solar, biomass, geothermal and ocean energy as well as the emerging technologies and service providers in the energy efficiency sector, which includes solar hot water and cogeneration.

The CEC welcomes the opportunity to provide a submission in response to the development of the Western Australian Feed-in Tariff.

The CEC believes that the best way to drive the deployment of Solar PV and other small-scale renewable technologies is through a nationally consistent gross feed-in tariff. We would urge the Western Australian government to support the development of such a scheme through COAG.

In the absence of a national scheme the CEC believes that State schemes should be implemented on a consistent basis. These schemes should be based on the gross model and where possible have similar design features.

Answers to questions

Should the tariff rate decline for new participants over time, to encourage efficiency and innovation?

The CEC supports a declining tariff rate. However, it is incredibly difficult to predict with any accuracy what the declining rate should be at the start of the scheme. Therefore the tariff rate should be reviewed every 5 years. If a new tariff rate is to be applied it should only apply to systems installed after the change is made. Existing systems should remain on the tariff rate applied when the system was installed.

What is an appropriate impact on domestic electricity costs to pay for a feed-in tariff for residential consumers? Within this context, respondents may wish to consider:

- **an appropriate tariff rate?**
- **how long should system owners receive the tariff for?**

The feed-in tariff should be gross, with a tariff level of between \$0.30 - \$0.50 and a lifetime of 15 - 20 years. The PV industry needs certainty and a sustainable growth path. Introducing a gross feed-in tariff in the range of \$0.30 - \$0.50 for 15 – 20 years will provide this certainty and sustainability. One outcome of the recently announced NSW gross feed-in tariff will potentially be a further boom-bust cycle in the industry. The short life, and high rate of the scheme will drive uptake in the first couple of years, and moderate in the successive years. A lower tariff rate over a longer time period would provide more stable and sustainable growth in demand.

What options for scheme life and duration are preferred and why?

Initially, the scheme life should be ongoing to provide a certainty and sustainability to the industry and to consumers. However, given changes in the industry and ongoing installed cost improvements, the forward life of the scheme should be considered as part of a regular review. Any changes to the life of the scheme should only apply to systems installed after the change has been made.

Do you support the inclusion of review periods?

It is important that the scheme is reviewed at intervals to ensure that its design reflects the current market realities. The scheme should be formally reviewed every 5 years, or if a capacity of 50 MW is reached.

Funding of the Scheme

The CEC supports the use of a levy to fund the scheme rather than consolidated revenue. As was evidenced by the original Western Australian proposals for a feed-in tariff, using consolidated revenue to fund the scheme is difficult to manage. Not least, it is impossible to accurately forecast demand for PV systems, and, under a net tariff, the amount of electricity exported and therefore the amount of money required to fund the scheme. If Western Australia were to proceed in his way it is highly likely that as before demand will very quickly out strip the funds available.

System size limits

The CEC accepts that there are concerns about using a feed-in tariff paid for by all consumers to support the installation of non-domestic systems. However, there are many opportunities to install PV systems on larger commercial buildings, but there is currently very little support for these larger installations. If Western Australia does intend to cap the size of the scheme to only apply to smaller systems, as other states have done, then it should at the same time

introduce a separate feed-in tariff to support larger schemes and that is paid for by this section of the market only.

Should the scheme be legislated, or implemented as a non-legislated program?

The scheme should be legislated to provide certainty to the industry players and market participants.

Yours sincerely

A handwritten signature in black ink that reads "Rob Jackson". The signature is written in a cursive style with a horizontal line above the name.

Rob Jackson
General Manager - Policy