

Submissions
Climate Change Authority
GPO Box 1944
Melbourne VIC 3001

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By E-mail: submissions@climatechangeauthority.gov.au

**Submission to the Australian Government (Climate Change Authority) on the
Renewable Energy Target (RET)**

– Renewable Energy Target Review, Issues Paper, August 2012 –

Dear Madam/Sir,

We appreciate the opportunity to contribute to the RET review. Our submission focuses on increasing the Renewable Energy Target and on Feed-in Tariffs (incl. our observations on the operation of the certificate scheme).

Target increase

We are on the “best” way to increase the global temperature by 6°C with catastrophic climate change impacts on human life as we know it. The current impacts of climate change in Australia - evident even at a lesser temperature increase - are documented in the IPCC report:

<http://www.ipcc.ch/pdf/assessment-report/ar4/wg2/ar4-wg2-chapter11.pdf>

Within a commitment to a sustainable society the key question is:

How much more evidence would anyone need to wean the world off fossil fuel use (burning)?

In this context, the 20% Renewable Energy Target (RET) by 2020 is insufficient and urgently needs to be expanded to a 40% by 2020, 60% by 2030, 80% by 2040 and 100% target latest by 2050 to achieve a stationary energy system in Australia that is completely based on renewable energy.

This is possible, practical and doable. The environmental outcomes will be of value to society as a whole.

National Feed-in Tariff

Feed-in Tariffs (FIT) are simple, direct and most effective in delivering environmental outcomes because FITs focus on performance of electricity (kWh) generated. The outcomes are directly measurable by existing metering and billing arrangements with the electricity retailer.

In that respect it is very disappointing to see at the Federal Government failed to deliver on its promise for a national FIT.

It is also of great concern to us that “The existence and level of feed-in tariffs is beyond the scope of this review.” p19.

In the absence of a legislated national FIT, in some cases state-based FIT schemes broke away “over night” causing unsustainable bust cycles with a strong decline (almost zero) in demand for residential PV systems despite the scheme.

What comes after Solar Credits for residential PV?

Key is: How is renewable energy generation being paid for its contribution to society (emission reductions, avoided social costs of fossil-fuel based electricity)?

A national FIT fixed of, say 80% of the customers' electricity retail tariff (¢/kWh) would leave equitable margins for distribution, retailing, metering and billing.

Certificate scheme

In strong contrast to FITs, the renewable energy certificate (REC) scheme is highly bureaucratic, complex, indirect and therefore it is difficult to account for its environmental outcomes as can be seen with the use of Solar Credits multipliers (phantom RECs).

Examples of the complexity and inefficiencies that characterise the current scheme are:

- Many conditions (installation date, capacity, multiplier, timing)
- The Clean Energy Council approving products regardless of quality: applying a set of stringent sustainability criteria for quality of product and sustainable production process is missing which means that practically any PV module is approved
- Introduces new money market players (agents, brokers, traders) that increase the cost of the scheme without adding value to its environmental effectiveness
- Generation deeming
- Solar Credits reward capacity (kW) installed rather than electricity (kWh) generated
- Registration
- Administration
- Compliance cost
- Two prices (Clearing House and secondary market)
- Oversupply and
- Certificates banking.

If PV systems get removed (change of home owner), left turned off or fail without being repaired, what recourse does society have to claim back the certificate valuee that was paid for the deemed renewable energy generation/emissions reduction?

Clearing House

The Clearing House doesn't clear. It is a failure in supporting the intent of the *Renewable Energy (Electricity) Act* to provide a fixed price of \$40 (excl.-GST) per certificate because it doesn't provide any time certainty when the funds flow that were intended to reduce the upfront investment costs of the renewable energy system (current waiting time 18 months).

The Clearing House causes financially engineered PV systems in the secondary market (rather than PV systems that are designed for electricity output performance under a FIT).

Displacement technologies

The distinction is simply. Technologies that generate electricity on the grid from 100% renewable energy sources need to be included such as fuel cells and electric vehicles (Vehicle-to-grid). Technologies that do not generate electricity (i.e. substitute fossil fuel use) need to be excluded from the RET. Otherwise the target will be watered down.

About Solarmatrix

Solarmatrix is a wholesaler of solar energy components that we import directly from reputable German PV and inverter manufacturers who are leaders in sustainable production facilities. The undersigned is the initiator of the Perth Solar Cities project.

We acknowledge that this submission is a public document.

Trusting this is of assistance and we look forward to your response.

Yours faithfully,



Raoul Abrutat
General Manager