



Strengthening Victoria's new solar laws

Suggested legislative amendments to the Brumby Government's solar legislation

On Wednesday 11th March 2009, The Brumby Government introduced its flawed solar feed-in tariff legislation to Parliament. If the Government's proposed solar laws pass through the Parliament as is, they will do little to support solar power, the solar industry development, or reduce greenhouse gas emissions.

There is still an opportunity to salvage the solar laws as they pass through Parliament, so that we can develop a thriving solar industry in Victoria. The importance of making the Brumby Government's solar laws meaningful for industry is now even more critical given the Federal Government's plan to cut the solar rebate scheme as of 1 July 2009, and replace it with a less effective Solar Credits Scheme – effectively halving the support for small scale solar installations.

We are calling on all politicians in both houses of Parliament to work within their parties to make the following amendments to Premier Brumby's proposed solar feed-in tariff legislation.

1. Allow business and community organisations to participate in the scheme.

The Brumby Government's model excludes business, local government and community organisations like churches from participating. This restriction should be removed to encourage all sectors to invest in renewable energy.

Premier Bracks made clear during the 2006 election campaign that small businesses would be included in the scheme, stating that "We will also ensure that households and small businesses which generate their own power through solar or other methods can feed any excess power back into the power grid and receive a fair price"¹ The Brumby Government should be held accountable to their election commitment, and also allow for the inclusion of community buildings in the scheme.

Amendment Required: CLAUSE 4 – Definitions

qualifying customer, of a relevant licensee or small retail licensee, means a person who –
(a) purchases electricity from that relevant licensee or small retail licensee; and

¹ ALP Victorian Branch., Policy for the 2006 Victorian election, *When It Matters: News from Steve Bracks and Labor*, 4, November 2006.

- (b) engages in the generation of electricity [DELETE: at a property that the person occupies as their principal place of residence] by means of a qualifying solar energy generating facility; and

* The purpose of this amendment is to ensure that any person can be paid for generating electricity, including for example a small business, farmer, local council or church. Section 40FA (e) would probably become redundant.

2. Increase the system size limit for the 60c kWh tariff to 10kW.

The Brumby Government's Bill excludes any solar systems of more than 3.2kW. This will effectively deter households from installing larger systems - a perverse incentive for a scheme that is supposed to encourage solar power.

The Victorian Electricity Distribution Code defines a small embedded generator as a system with ratings up to 10kW for single phase (or 30kW for three phase).

Further Western Australia, the ACT, South Australia and Queensland have all committed to a feed-in tariff payable on system sizes up to 10kW (and 30kW for three-phase micro-generators). For the sake of consistency with the Victorian Electricity Distribution Code and other feed-in tariffs operating interstate the Victorian scheme should at a minimum have a 10kW cut-off.

Amendment Required: CLAUSE 4 – Definitions

qualifying solar energy generating facility means a photovoltaic generating facility that-

- (a) has an installed or name-plate generating capacity of [3.2 CHANGE to: 10] kilowatts or less; and

* The purpose of this amendment is simply to raise the maximum system size under the scheme to 10kW.

3. Make the 60c kWh payable on gross, not just net generation.

The Victorian Government has shunned the experience of over 40 nations with feed-in tariffs and has decided to pay the tariff only on the excess generation of solar electricity that is fed back into the grid, rather than on all of the electricity generated.

One of the primary purposes of a feed-in tariff is to increase the uptake of emerging renewable energy technologies in order to reduce installed costs over time. The only way a feed-in tariff can achieve this is by driving enough investment to achieve economies of scale within the industry. To be an effective driver for investment in solar power the legislation should be amended to pay the 60c kWh tariff on ALL electricity generation from a solar system for a rolling 15 year period.

The Government's own departmental and independent advice (leaked to The Age earlier this year) stated that the proposed 'net' feed-in tariff would do nothing to increase the uptake of solar power

in Victoria to 2020 (see the attached summary of the leaked Cabinet documents). This advice also found that the 'gross' feed-in tariff as advocated by Environment Victoria along with business, community groups, unions, local government and churches would lead to a seven fold increase in Victoria's solar uptake to 2020.

The ACT government has implemented a 'gross' feed-in tariff scheme, with the Western Australian government committing to implement a 'gross' feed-in tariff following the recent State election. The Queensland Liberal Party has advocated for Queensland to adopt a 'gross' feed-in tariff scheme, as is the NSW Liberal Party for NSW.

Amendment Required: CLAUSE 4 – Definitions

Qualifying solar energy generation electricity means electricity that a qualifying customer generates [DELETE: and does not use];

* The purpose of this amendment is to value all electricity generated under the scheme. Other parts of the bill may need to be amended to ensure this aim is achieved.

4. Ensure that the small scale renewable energy producers included in the scheme are actually paid for the electricity they generate.

The surprise in the premium feed-in tariff Bill put to parliament earlier this month was that under the government's proposed scheme, those eligible for the 60c tariff for feeding electricity into the grid would not actually be paid. The legislation suggests that a customer would receive a credit on their electricity bill if they fed energy into the grid. This amount would roll over to the next bill if it was not used.

However, if this credited amount of electricity was not used within 12 months, or if the customer changed retailer it would simply evaporate. The customer is left with nothing. For an energy efficient household with a 3.0kW system this lost credit could amount up to \$600 and would establish a perverse incentive for the householder to consume more energy towards the end of the 12 month period².

The Victorian Government is claiming that to pay rather than credit the small scale electricity producer would be a breach of Section 90 of the Commonwealth Constitution. However the South Australian and Queensland Governments have not found this to be a barrier, and each require payment to the small scale renewable energy producer of any remaining credit at the end of any 12 month period.

Amendment Required: CLAUSE 5 – Section 40FA

This section of the bill, and possibly the principle act will need to be amended to ensure that customers can be paid in cash for all the electricity they generate at the end of a 12 month period.

² Figures based on research conducted by the Alternative Technology Association.

All of 2(d) should be replaced with the following to reflect this change:

(d) any excess premium solar feed-in credit amount referred to in paragraph (c) is paid in full to the qualifying customer on the first of the following to occur—

- (i) the day that is 12 months after the day a premium solar feed-in credit first arises in respect of the qualifying customer;
- (ii) the day the contract for the supply of electricity by the relevant licensee or small retail licensee to the qualifying customer ends;
- (iii) the day that is the last day of the premium solar feed-in tariff period for the qualifying customer.

Further to this 40FC2 may need to be amended, and 40FD may need to be removed.

5. Ensure that the Minister report publicly or table in Parliament the distribution companies' annual report on connected qualifying solar energy generating facilities.

The premium feed-in tariff legislation requires the distribution companies to report annually to the Minister on connected qualifying solar energy generating facilities. In the interests of public accountability the Minister should be required to publish this information publicly or table it in Parliament.

Amendment Required: CLAUSE 5 - New Sections 40FA to 40FJ inserted

40FJ Distribution companies to report annually on connected qualifying solar energy generating facilities

This section will need to include a subsection to require the Minister to publish the information received or table it in parliament.