Mark Tranter
[redacted]

16 November 2014

Queensland Productivity Commission
PO Box 12112
George Street
BRISBANE QLD 4003

Dear Sir/Madam

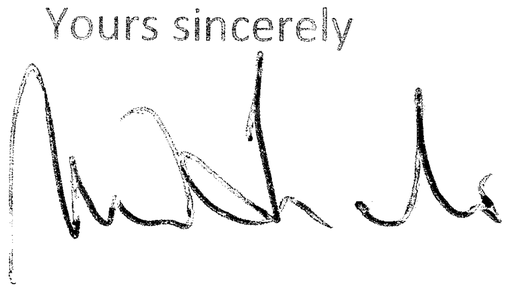
RE: Submission on Solar Feed in Pricing in Queensland

Please find attached my submission in relation to the above.

I have no objection to this submission being available for public inspection.

Would you please be good enough to acknowledge receipt of this submission.

Yours sincerely



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Submission One – Clear recognition that solar PV produces positive environmental and social impacts

Solar PV has reduced and will continue to reduce greenhouse gas (GHG) emissions. With the vast majority of conventional electricity generation in this State being from coal, the contribution of solar PV in reducing the need for that by the annual figure of 1045GWh fed into the grid makes an enormous reduction in GHG emissions. The figure is approximately the equivalent of 910,000 tonnes of CO_2. This is only the feed in figure and does not take into account energy used directly within residences and businesses under the net metering arrangements.

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Submission Two – A feed in tariff (FiT) should be set taking into account the value of carbon emissions reduced and positive environmental impacts.

The current figure of 6.348 c/kWh is insufficient to encourage greater uptake of solar PV. It has been arrived at as a result of an accounting operation based on the wholesale cost of energy, etc. It does not take into account the reduction in greenhouse gas emissions through installed PV.

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Submission Three – A more realistic FiT can help maintain the electricity network relevance.

With the advent of cheaper battery technology, a low FiT will simply encourage those that can afford it, residences and business, to reduce or sever their connection to the electricity grid. Thus distributor and transmission entities are forced to maintain expensive networks for a reducing number of users and reduced demand.

There is potential for electricity distributers to utilise fast developing battery technology to store electricity within the network. This would help with peak demand and make for a more reliable distributed network.

The current policy setting of a low FiT simply hastens the end of network supply of electricity. A FiT set at a level which makes it more attractive to stay with the network rather than investing in battery technology and exiting the grid will preserve the asset for longer.

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Submission Four – A relevant network can assist fairness in the community.

A network optimising solar PV will also give those unable to access solar PV individually continued access to affordable electricity. There is potential for community organisations to install solar PV and make the benefits of that available to the less financially advantaged in the community. For example, a service club may install solar on a suitable roof top and through the network make the electricity generated available to a women's shelter. Without a reasonable FiT, as well as a smarter network, this situation is less feasible.

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Submission Five – The FiT should not be a cross subsidy imposed on all electricity users, fairness requires this.

I can only endorse the COAG statement that governments should:

> *avoid policies resulting in cross-subsidies between customer groups. Where governments wish to subsidise a particular group, subsidies should be provided directly through government expenditures. (COAG National Principles for Feed-in Tariffs 2008)*

Previously, those with the benefit of solar PV were inaccurately blamed as the sole cause for rises in electricity prices. While the cost of the FiT remains a factor in the setting of the standard tariff this allegations remains open.

A clear recognition should be made by government of the environmental and public good that results from a reasonable FiT. The cost of this should not be imposed on all electricity consumers but be a payment made directly by government.

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Submission Six – A reasonable FiT will support employment and business in the future economy.

On my approximate calculation the reduction of the FiT reduced solar installations by up to a factor of 10. These are local jobs and business. A restoration to a reasonable FiT would give renewed incentive to employment and business. This comes at a time when the world economy is moving away from carbon energy and coal which means these industries in Queensland are set for inevitable decline in the coming years. Solar related industries can provide a buffer for falling employment in the older industries.

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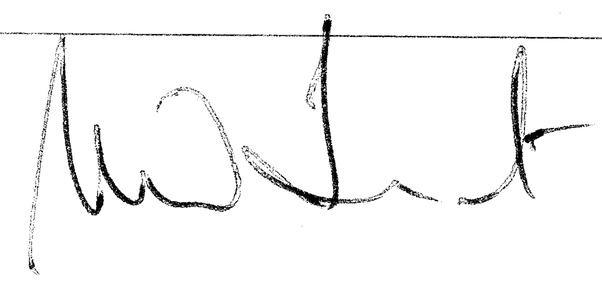
Submission Seven – Reassess the 44c/kWh FiT

While this may take political courage, the 44c/kWh FiT should be reassessed. While this was a good policy at the time, it is now too generous. While it is understood that people made financial decisions based on the original FiT, its continuation does not satisfy the fairness test today when little incentive is provided by the current FiT.

It was the situation that many people who installed very large systems did so with the sole object of providing a source of revenue beyond a reasonable pay back. A well argued case with provision for compensation should be made. The QCA has made predictions that the scheme will cost the State $4.28 billion before it terminates in 2028. This figure does require some more scrutiny, for example efficiencies of solar PV systems installed over 20 years will be diminished and the scheme had built in loss of eligibility provisions. Nevertheless, users when offered an upfront incentive and conversion to a lesser rate may see the benefit of relinquishing the 44c/kWh rate.



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