

Simon Corbell MLA

ATTORNEY GENERAL

MINISTER FOR THE ENVIRONMENT, CLIMATE CHANGE AND WATER

MINISTER FOR POLICE AND EMERGENCY SERVICES

MINISTER FOR ENERGY

MEMBER FOR MOLONGLO

Mr Paul Baxter
Senior Commissioner
ACT Independent Competition and Regulatory Commission
GPO Box 296
CANBERRA ACT 2601

Dear Mr Baxter *Paul*

Thank you for providing me with a copy of your recent Issues Paper *Electricity Feed-in Renewable Energy Premium: Determination of Premium Rate*.

Page 4 of the Paper describes the current Premium Price of 50.05 cents per kilowatt hour as "transitional". My understanding is the legislation provided for a default Premium Price of 3.88 times the prevailing Transition Franchise Tariff only until such time as a contrary Determination by the responsible Minister was made.

I made such a Determination in late February 2009 prior to the commencement of the Scheme on 1 March 2009. The 3.88 default provision within the Act became spent at that time. I would suggest all references to the transitional nature of the current arrangements in the Paper should be appropriately amended.

I note also in Sections 4.2, 4.3 and 4.7 discussion relating to the policy aspects of support for low income households and whether a Scheme cap is appropriate.

The Act establishes a Scheme under which the Premium Price is the mechanism by which residents investing in solar generation may receive a reasonable and viable rate of return. If this Premium Price, fairly set upon economic grounds, impacts upon the financial situation of low income or disadvantaged households this is a separate issue which the Government has other avenues for addressing, for example through the current review of the Energy Concession under the CSO regime.

The Premium Price is not a suitable vehicle for advancing welfare or other social considerations as would appear to be the effect of the boxed question asked in Section 4.7.2 - "*Should the calculation of the feed-in premium rate have regard to the level of concessions that are available?*".

Similarly, in Section 4.3 the question raised - "*What level of greenhouse gas emission reductions should the premium rate be targeted to achieve?*". This is a policy issue that does not, in my opinion, impact upon the economic calculations underpinning the Premium Price and need not be considered by the Commission.

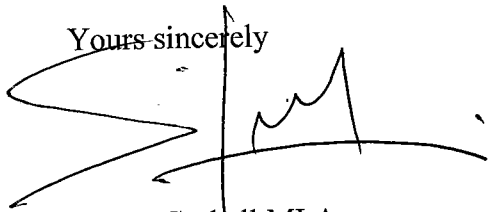
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The Government will be examining the issue of caps and targets in the upcoming FiT Stage 2 Discussion Paper. I do not believe it is appropriate the Commission should be separately speculating on these issues in the Premium Price review and warmly invite your submission into the wider-Scheme public consultation process that will be commencing shortly.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Simon Corbell', written over a horizontal line.

Simon Corbell MLA
Minister for the Environment, Climate Change and Water

12.1.10