

To: ICRC

Subject: Electricity Feed-in Renewable Energy - Comments on issues paper

From the perspective of an 'occupier household' generator of electricity since September 2009 from 24 solar panels with a total 4.2Kw capacity (expandable to 5Kw), the following comments are offered on some of the matters raised in the issues paper of November 2009 (report No. 9).

We strongly support measures that will encourage the generation of electricity from renewable sources. Any local or broader scale action that will reduce mankind's adverse impact on the environment and the nature and rate of climate change is a contribution to the common good of this and future generations. Whatever the capacity of generation systems that use renewable energy - installed either by occupiers of residences, or by commerce, industry, administration or service sectors -, these will contribute to offset reliance on and the impact of polluting power generators.

Under the electricity feed-in code, data collected and reported to the ICRC in terms of number of new and total connections made by suburb, capacity, output, the consequent reduction in greenhouse emissions, customers receiving a feed-in tariff and total premium tariffs paid, ought to be publicly reported.

Clearly there needs to be an incentive for customers who invest in renewable energy. It is unclear why owners who do not occupy their properties are excluded from the feed-in tariff. If it is because they may be able to claim depreciation on such expense, this is not entirely clear in the issues paper. Does the ICRC have any data on the installation of generation systems by 'non-occupier' owners? Rented properties comprise a significant sector of the residential market. If the feed-in tariff were to be extended to this group, it would hasten progress towards renewable energy and emissions targets. On the other hand, provisions for depreciation of the expense of such would need to be amended so as to exclude such which would be 'double-dipping' and a significant example of non-equity.

Our experience from quotes obtained and the installation made at our residence suggests that the indicative data in Table 4.1 of the Issues Paper understates the costs of renewable energy systems by some 20%. Is the data simply reflective of experience in NSW or has ICRC sampled customers in the ACT or licensed installers? To be credible, the data ought to be factual, transparent and sourced.

To be fair and to avoid perceptions of 'double-dipping', rebates/RECs/solar credits paid should be taken into account by the ICRC when it determines the feed-in rate and pay-back period. Further, the ICRC needs to develop its position as to what will be the situation following the expiry of the pay-back period. While this may not arise until some time in the future, customers should have some inkling as to what might prevail as items of generation equipment may have to be replaced/updated etc.

Changing the length of the pay-back period contributes to uncertainty and a lack of confidence and a sense that the goal posts can be moved after investment decisions have been made. Would there be merit in examining options which link the length of the pay-back period to the output of the system and actual net installation costs as revealed by a representative sample of customers?

If the current pay-back period were to be shortened, this may increase the rate of installations to the benefit of the environment and towards ACT Government emission targets.

Additional metering etc costs to ACTEWAGL ought to be recouped by adjusting the feed-in rate rather than in an up-front outlay for the customer.

Why does it matter whether generation units are located in the ACT or NSW? Any benefits from aligning the ACT scheme with that of NSW are not readily apparent or convincing.

As for the social impacts of decisions on the feed-in rate, it is a fact of life that all of us pay for services through taxation, fees or charges that we do not use, or do so to a lesser extent than others. It seems to be generally expected that the cost of electricity will rise. Customer accounts should show what has been the cost to them of power which has been obtained from renewable energy sources. While installation of renewable energy generation equipment involves substantial expense, it is perhaps more likely than not that higher income families might install such equipment. On the other hand, the pay-back period for installation costs may well serve as a business opportunity for banks, credit unions etc to make specific-purpose loans available to middle-lower income levels. Perhaps there is scope for the ICRC to pursue this with the finance sector?

To offset the impact on low-income or vulnerable customers, ACTEW might give these groups preference by installing smart meters and offering 'time of use' tariffs. This would assist them to better manage their use of electricity and reduce the across the board impact of the feed-in tariff.

Whatever model the ICRC decides for determining the feed-in tariff, it must be simple and transparent and publicly available, and not be subject to 'meddling'. If the ICRC determines a maximum level for generation of electricity from renewable energy sources, then the model should say what the target is and that the scheme no longer will be open to new generators once that level is reached. The model should also indicate what the feed-in tariff will be once the pay-back period for customers has expired.

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