Solar Feed-In Tariff Review team
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6 August, 2018

Dear review panel,

Thank you for this opportunity to comment on the Solar Feed-In Tariff Review.

The terms of reference do not appear to recognise the impact of renewable energy policy on climate change, transport, or health. We feel deliberation over costs and benefits and associated policy settings would not be complete without incorporating some consideration of these.

We recognise there is an unacceptable divide in terms of income inequality within Tasmania. An overly narrow focus on setting a fair feed-in tariff can create a false conflict. On one hand a fair feed-in tariff is assumed to disadvantage other, often poorer, electricity consumers. Reducing the feed-in tariff in reaction to this is argued as unfair to existing solar investors and a disincentive to potential new solar investors. The setting of the feed-in tariff needs to occur within a holistic set of policies and we reference some approaches to supporting lower income households.

Economic arguments
Concerns implied in the briefing paper around economic harm and impacts on the Tasmanian budget appear to be incongruous with the varied approaches to building renewable energy generation capacity in Tasmania. Measures that encourage and facilitate large scale foreign investment in renewable energy generation in Tasmania do contribute to the stated target of 100% self sufficiency by 2022. Simultaneously this leads to exporting profits that could otherwise remain within the state to benefit our regional communities.

Leveraging of private investment
The briefing paper suggested that the legacy feed-in tariff for approximately 19,000 household electricity consumers came at a cost of $11.7 million to the financial bottom line of TasNetworks. The benefit of local ownership of this energy generation infrastructure is that this money is not immediately lost from our economy. The cumulative personal investment in rooftop solar in Tasmania amounts to over $100 million, with at least half from households on the legacy feed-in tariff. This capacity to leverage large amounts of private investment in distributed renewable energy should be viewed as a benefit that will be ongoing with the introduction of a fair feed-in tariff.

Capital for larger scale investment
The RESEED Centre in Penguin have installed a 10kW solar PV system. This was possible via investment through a self-managed superannuation fund. The point we make here is that there are alternative strategies and very large potential sources of capital to support Tasmanian investment in renewable energy infrastructure. We support measures that positively encourage and scale up Tasmanian ownership of new renewable energy generation capacity.

Potential consequences of keeping the low 8.541 c/kWh feed-in tariff

A couple of individuals within our network have alerted us to perverse incentives or unintended consequences, which may come from a feed-in tariff that is set too low. Increasingly some electricians are targeting solar home owners with advice on how to use as much power generated within the home and minimising any renewable energy exported to the grid. The split metering system currently employed in Tasmania limits the use of rooftop solar to one circuit and places a temporary cap on such measures. We understand a software solution is available to address this split metering anomaly. If resolved, with a low feed-in tariff still in place it can be anticipated that solar PV owners will seek to use as much of the generated power internally and minimise exports to the grid.

Grid defection
The falling cost of solar generation, coupled with the development of energy storage technologies present both an opportunity and risk. The background paper noted a potential benefit through greater flexibility in meeting power needs across the network. However, failing to establish a fair feed-in tariff for renewable energy generation may lead to grid defection, whereby existing and potential network customers choose to leave the network completely in preference for standalone systems.

Transport opportunities and risks
Distributed renewable energy generation may support an increase in electric vehicle ownership and reduce the significant import of liquid fossil fuels. Conversely, an expanding electric vehicle fleet may lead to a greater demand on the distribution system where there has not been sufficient forward planning and encouragement for distributed supply and storage.

Climate change is a threat to our physical and financial health.
We need to encourage meaningful responses.
We understand climate change is a serious threat to human health (1), not merely an environmental problem. We share the same atmosphere and global climate as Victorian residents, therefore any actions taken by Tasmanians to displace coal fired electricity generation in Victoria will contribute to health benefits across Australia and the world. The health costs of coal production in Australia are unacceptably

high (2). Actions to reduce coal extraction and combustion will reduce demand on our national health budget with financial benefits to all state and territory governments.

Tasmania is unique in having a high level of hydro generating capacity, which can be exported to displace coal fired power generation in Victoria. Any reasonable strategy for reducing greenhouse gas emissions would encourage energy saving at a household level, indeed every sector, while simultaneously maximising renewable energy production. The target of being 100% self sufficient in renewable electricity generation needs to be raised if the aim is to also export renewable energy to Victoria.

Installation of solar hot water and solar photovoltaic power generation represent an active and meaningful contribution for householders to reduce greenhouse gas emissions and potential for reduction in power costs. This contribution and opportunity could be extended to those in rental accommodation, larger community owned ventures and business and farm settings with the right suite of policies and support.

Priority setting
Within a finite budget we would urge that a hierarchy of priorities be established.

Priority must be given to those measures such as installing or enhancing insulation, draught proofing, replacing inefficient appliances and community education. Setting caps on power pricing is a very short-term strategy in relation to cost of living pressures. Reducing overall electricity demand is the most widely accessible and effective measure to deliver ongoing reductions in the cost of living associated with electricity consumption. Of particular relevance to Tasmanians, initiatives to improve the quality of existing housing stock would provide significant health co-benefits (3).

A further measure to reduce power consumption would include incentivising the installation of solar hot water. Coupled with time of day metering solar hot water can positively reduce peak demand on the electricity distribution system.

The briefing paper refers to potential social benefits of “encouraging more installation of solar in rental housing stock.” We would urge the continuation of the TEELS (Tasmanian Energy Efficiency Loan Scheme) and greater investment in the NILS (No Interest Loan Scheme) (4) as they specifically support lower income Tasmanians. Further innovative approaches, such as the Darebin Solar Savers program need to be explored and developed in Tasmania. Under this program the council organises installation of rooftop solar, which is then repaid via council rates repayments.

As noted above a fair feed-in tariff would help to leverage ongoing private investment in solar PV.

Any direct incentives to encourage the installation of solar PV generation should incorporate minimum requirements around building efficiency standards i.e. the incentive is paid on condition that basic measures noted above (adequate insulation etc.) are met.

Beyond the household level a fair feed-in tariff will also directly influence the financial viability of larger community owned renewable energy enterprises.

Rather than adopting a single measure, all of the above should be incorporated into a comprehensive strategy, which supports climate change mitigation, health benefits, and savings in energy and costs of living.

Thank you for your review of this submission. We would welcome the opportunity to elaborate on any of the points raised in this submission.

Kind regards,

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References

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2. The Hidden Costs of Electricity: Externalities of Power Generation in Australia A Report by the Australian Academy of Technological Sciences and Engineering (ATSE) 2009

3 Howden-Chapman, P. et al. Effect of insulating existing houses on health inequality: cluster randomised study in the community, *BMJ*, 2007 doi:10.1136/bmj.39070.573032.80 (published 26 February 2007)

4. See https://www.auroraenergy.com.au/teels and https://nilstasmania.org.au/