



Tasmanian Renewable Energy Alliance

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Submissions to the Review of the Renewable Energy Target

16 May 2014

The importance of the Renewable Energy Target to Tasmania

Tasmanian Renewable Energy Alliance

The Tasmanian Renewable Energy Alliance was established in October 2013 to provide a united voice for the solar PV industry and other developers of small renewable technology in Tasmania and to promote the use of renewable energy in Tasmania.

Renewable Energy in Tasmania

To the end of April 2014 there are at least 21,230 solar PV installations in Tasmania with a total installed capacity of 68.2 MW¹.

In 2013 Tasmanians installed 7,472 solar PV systems, totalling over 30 MW in capacity.

Based on a CEC estimate of 15 EFT jobs per MW of capacity installed per year, the solar PV industry provides direct employment for over 450 Tasmanians. These jobs are skilled, permanent jobs and provide employment in rural as well as urban areas.

This is in addition to the over 1100 people employed by Hydro Tasmania in generating and selling renewable energy from traditional large scale hydro and wind farms and related activities.

Distributed renewable energy projects in Tasmania (including solar PV, wind and small hydro):

- reduce electricity costs for households and businesses,
- can provide a valuable source of additional income for farmers,
- encourage economic development in rural areas, and
- free up large scale hydro power to be exported to mainland Australia at times of maximum demand and price with significant economic benefit to Tasmania.

TREA believes that there is potential for considerably more development of renewable energy generation in Tasmania in household and commercial solar, medium scale wind and hydro in rural areas, as well as utility scale wind power.

¹ Based on Clean Energy Regulator analysis of small scale installation by postcode as at 1 May 2014.

<http://ret.cleanenergyregulator.gov.au/REC-Registry/Data-reports>

A 12 month creation period for registered persons to create small-scale technology certificates applies under the Renewable Energy (Electricity) Act 2000. Therefore the 2013 and 2014 figures will continue to rise due to the 12 month creation period.

Do small scale renewable energy systems still require support through the SRES?

The solar PV industry operates in a highly regulated environment. Most of the solar PV businesses in Tasmania are small to medium size businesses. It requires considerable effort and time to keep abreast and compliant with the changing regulations and procedures in areas such as:

- CEC certification and Continuing Professional Development (CPD) requirements.
- Procedures related to sale of STCs.
- Planning requirements from local government in relation to installing systems on buildings.
- Building permit requirements from local government and guidelines from WorkSafe Tasmania
- The compulsory electrical inspection of all solar PV installations by WorkSafe Tasmania
- Compliance with Australian Standards related to electrical wiring and installation of solar PV (including updates to standards).

In this challenging environment, the SRES is an important component to supporting the continued growth of the solar industry in Tasmania.

Around 6,000 new systems were ordered in the 12 days between the Ministerial announcement on 18 August 2013 and the end of the legacy feed-in tariff on 30 August. Installation of these systems is now largely completed and the industry is facing a slump in new orders under the lower 8c feed-in tariff regime.

For what period will support be required?

As outlined below there is an urgent need to move away from fossil fuel based generation of electricity in order to limit global warming to manageable levels. The RET has proved an efficient and cost effective way of supporting a transition to renewable energy.

The Climate Change Authority review of the RET released in December 2012 found that the RET was effective and affordable². Research by the REC Agents Association shows that the part of the RET that supports household solar actually costs consumers nothing. The small cost of the scheme is offset by the fact that solar power drives down wholesale energy prices.³

We believe the RET should remain in place until the transition to necessary levels of renewable energy generation are achieved. This is particularly important given the federal government's intention to abolish other agencies and mechanisms that play a complementary role in this transition including the price on carbon, ARENA and the CEFC.

Should non-renewable, but low emissions, energy sources be included?

We are strongly opposed to the inclusion of any fossil fuel based technologies in the RET. It is important for public acceptance of the scheme that it clearly does what the name says and supports renewable energy. If there is a policy decision that greenhouse gas emissions should be reduced by, for example, a move from coal to gas fired electricity, this should be pursued through other mechanisms and should only be done if there is clear evidence that it actually reduces total emissions from fossil fuel rather than simply supporting the use of additional gas fired generation.

² Climate authority gives green light for boom in big renewables, Giles Parkinson 19 Dec 2012, <http://reneweconomy.com.au/2012/climate-authority-gives-green-light-for-boom-in-big-renewables-41039>

³ Parkinson 2014, Subsidies for rooftop solar – zero net cost to households, Giles Parkinson, 19 Feb 2014 <http://reneweconomy.com.au/2014/subsidies-for-rooftop-solar-zero-net-cost-to-households-66397>

Should any new small-scale generation technologies be eligible under the SRES?

Tasmania has significant potential for wave and tidal power generation. While these are not currently viable for small scale generation, in principle we believe the RET should support any technology which does not release greenhouse gases and which has minimal environmental impact.

The need for certainty

The solar industry has had to cope with frequent policy changes, most notably in relation to feed-in tariffs, often resulting in boom and bust cycles. While the industry continues to grow, constant policy and regulatory changes do have negative impacts, making it harder to develop and retain a skilled workforce and to deliver quality work to customers.

At the household and commercial scale, customers make decisions about whether to install solar PV based on the regulatory environment at the time. These installations often take 5-10 or more years to repay the investment and it is important that households and businesses can make these decisions with a reasonable degree of certainty about the policy environment.

For larger scale renewable energy projects the need for certainty is even higher. These projects take at least several years to plan and the business case for investments and loan finance require estimates of income based on electricity prices and LGCs for at least a decade in advance.

For these reasons we believe that changes to the RET should be announced at least two years prior to them taking effect, and mechanisms (such as a floor price) need to be found to ensure that projects which have made substantial investments are not penalised by changes in policy that reduce LGC prices.

Frequency of reviews

The decision to instigate another review of the RET less than two years after the last review conducted by the Climate Change Authority and to have it conducted with different terms of reference by a different body has created considerable concern and uncertainty for the industry. TREA believes that reviews of the RET should be conducted less often than every two years and should be conducted by an independent statutory authority.

Target beyond 2020

In its 2014 Energy Technology Perspective report, the International Energy Agency says

“decarbonisation requires a massive reversal of recent trends that have shown continued reliance on unabated fossil fuels for generation. To meet 2DS [2°C scenario] targets, CO2 emissions per unit of electricity must decrease by 90% by 2050”. Executive Summary⁴, p4.

The IEA says that the energy mix for the world’s electricity supply needs to be flipped within a few decades, from 68 per cent fossil fuels now to at least 65 per cent renewables by 2050⁵.

We believe the RET Review should set targets for renewable energy generation for 2030 and 2040 in line with the IEA’s estimates of what is required globally.

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⁴ <http://www.iea.org/publications/freepublications/publication/name,51003,en.html>

⁵ quoted in <http://reneweconomy.com.au/2014/iea-says-fossil-fuels-must-be-replaced-by-renewables-46853>