

Solar Feed-in Tariffs 2018/19 IPART May 2018 Submission

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I oppose, the lowering of the 2018/19 Solar Feed-in Tariff from the current 12.8c/kWh to the proposed 7.5c/kWh for the following reasons:

1. Section 1.5.3 states that, “solar generation has reduced demand for electricity from retailers during daylight hours, which has contributed to lower prices during these times”. I agree that the reduction in the wholesale price of electricity, since IPART’s previous review, is a direct result of the public uptake of solar panels that, by their very nature, generate electricity at the times of greatest demand in summer, i.e. when the days are hot and the sun is shining. In fact, in the 12 months to April, 2017, all NSW electricity consumers benefitted from savings of between \$2.3 billion and \$3.3 billion from rooftop solar electricity generation that obviated the need to fire up highly expensive ‘gas peakers’ to meet demand. Clearly, it is not just owners of solar PV systems that benefit from their panels ([RenewEconomy 16/10/17](#)) even though you fail to mention this fact but, instead, highlight in Section 1.5.1 that, “all NSW households pay around \$15 each year through their bills to fund the Small-Scale Renewable Energy Scheme subsidy”. It is unacceptable to penalise solar panel owners by lowering the FiT when they have done such a great job in lowering the cost of electricity for all Australians!
2. It is reasonable to conclude that a consequence of any lowering of the FiT will cause electricity prices to rise again because the incentive to install solar PV will be diminished and fewer new installations will occur. As demand for electricity increases it won’t be matched by increased PV installations so there will be a need for the highly expensive ‘gas peakers’ to be fired up to meet the peak demand that was previously met by solar PV and the wholesale cost of electricity will rise accordingly. For this reason, there’s no basis to assume that, if the FiT was to be reduced, the wholesale price will remain as low as the ASX forecasts as the year progressed.
3. The draft review states, “Solar customers also receive an upfront subsidy for installing their panels under the Small-Scale Renewable Energy Scheme. For a 2-kilowatt solar system installed in Sydney, the subsidy is currently worth around \$1,050 to \$1,330. After this subsidy, the upfront costs of a solar system are around \$3,400. The payback period for these upfront costs is around 6 years.” You have acknowledged that people who install solar PVs are making a substantial financial commitment up front that is, in effect, paying for their electricity use in advance, hoping that their medium to long-term savings will balance their ledger within six years. However, in 2010, RP Data found that the average length of time Australian’s stay in their own home is 7.5 years ([Switzer Daily 01/03/2011](#)). I posit that proposing a reduced FiT on this basis is contrary to the simple concept of rewarding those whose investment actually succeeds rather than punishing them, as the reduced FiT proposal clearly does. Also, it won't be the original purchasers of PV systems that benefit long term, but rather the buyers of any property so endowed when sold.
4. As I mentioned previously, the lowering of the FiT will, arguably, result in fewer systems being installed and a consequential reduction in employment in the solar PV installation industry simply because there would be a significantly reduced incentive for home owners to make the large, up front investment. A decline in PV installations would be calamitous with the knock-on effects for families whose members will be retrenched. This would cost the economy far more that it would save in apparent cost reductions for electricity consumers. Rooftop solar PV remains the largest renewable energy sector in terms of full time equivalent (FTE) employment in Australia, comprising 6,430 FTE jobs and 43% of total FTE employment related to renewable energy in 2016-17. Indeed, in rooftop solar PV also saw an increase in installations, resulting in 860 additional FTE jobs in 2016-17 ([ABS - 4631.0 - Employment in Renewable Energy Activities, Australia, 2016-17](#)). It is reasonable to contend that these jobs would significantly reduce if a lower FiT were to be introduced.