



Renewable Energy (Electricity) Amendment Bill 2010

Background on the APVA

The APVA is an association of companies, government agencies, individuals and universities with an interest in solar photovoltaic electricity research, technology, manufacturing, systems, policies, programs and projects. In addition to Australian activities, we provide the structure through which Australia participates in an International Energy Agency (IEA) program called PVPS (Photovoltaic Power Systems), which in turn is made up of a number of activities concerning various aspects of PV performance and implementation. Further information is available from www.apva.org.au and is provided in Attachment A.

Overview

The APVA is strongly supportive of the Renewable Energy Target (RET) and is of the view that increased use of Renewable Energy, combined with strong incentives for efficient energy use, can provide a path to a low emission future for Australia with sustainable energy prices into the long term.

SRES

In general, the APVA is in favour of the proposed separation of small and large-scale generators under the RET, and of the arrangements under which this would occur, including a fixed REC price of \$40 and a separate ORER register.

However, the scheme is not without issues.

For photovoltaics (PV) the Solar Credit mechanism currently provides the main driver for uptake, with a 5 X multiplier to 2012. With the addition of State and local incentives, such as feed-in tariffs and bulk purchase arrangements, the market for 1-2 kW PV systems remains strong, giving little incentive for price reductions.

The SRES market appears likely to very rapidly reach the nominal 4000 GWh by which the RET target has been reduced. Liable parties will strongly oppose any continued requirement to purchase RECs from small-scale generators at that stage. Hence the scene is set for another sudden policy change, and a boom-bust cycle for the industry.

In addition, because a large portion of the 4000 GWh will actually have been met by so called "Phantom RECs", rather than by actual Renewable energy generation, the overall RE target will fall short of the intended 20% by 2020. Hence, a mechanism is still required to reinstate the additional renewable generation lost through the Solar Credits mechanism. This issue has been raised by the APVA in several previous submissions.

Finally, As the guidelines currently stand, a single address is entitled to Solar Credits once. In the case of potential demand for several individually owned solar installations on a community or strata property, there is a disadvantage to anyone but the first installer, as subsequent installers are not entitled to the Solar Credits. In the interest of bringing more equity to the Solar Credits scheme, and to broadening the customer base which can participate in renewable energy installations, we



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would welcome the extension of eligibility to Solar Credits to multiple residents residing at the nominated address.

This inclusion would introduce equity to the Solar Credits scheme to a segment of the Australian community that require the financial support most, including retirement communities and apartment dwellers. It would also provide valuable distributed generation in the increasing areas of high density, thus assisting electricity networks.

Larger PV Systems and Long Term Renewable Energy Targets

In order to establish a sustainable industry, the PV sector is now aiming to develop the intermediate market (100 kW – 50 MW). This would provide the market volume likely to encourage manufacturing, as well as the continued establishment of professional engineering, electrical and building companies across the country which can take PV through to a mainstream component of the energy and building sectors in Australia.

In order for these larger scale PV installations to fully benefit from the RET scheme, APVA considers that the scheme should be designed to avoid REC price 'booms and busts'. A stable REC price provides clarity and the confidence required for investments in PV over the next decade.

For the MRET, the target was essentially filled several years before 2010 and the REC price collapsed, component production ceased and the industry was severely impacted. APVA considers avoiding this scenario a critical component in the design of the enhanced RET scheme, as it undermines investor confidence in Renewable Energy investments.

In order to help prevent a REC price 'bust' towards the end of the current scheme, and in light of further delays to the introduction of a carbon price into the Australian market, the APVA recommends the establishment of a **2030 renewable energy target**. In addition, in order to allow new renewable energy generators to enter the market, a **15 year limit for REC creation** should be instigated. At this stage, even by 2030, generators which started to earn RECs in 2001 will still be eligible. Most businesses invest with a 10-15 year project horizon, so that a 15 year limit on REC creation would not impact investment decisions, but would open up the market to new technology over time.



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Attachment A: The Australian PV Association

The objective of the Australian PV Association is to encourage participation of Australian organisations in PV industry development, policy analysis, standards and accreditation, advocacy and collaborative research and development projects concerning photovoltaic solar electricity.

APVA membership provides:

Information

- Up to date information on new PV developments around the world (research, product development, policy, marketing strategies) as well as issues arising
- Access to PV sites and PV data from around the world
- International experiences with strategies, standards, technologies and policies
- Australian PV data and information
- Standards impacting on PV applications

Networks

- Access to international PV networks (PV industry, government, researchers) which allow personal relationships to develop and can be invaluable in business, research or policy development or information exchange generally
- Opportunity to participate in international projects, with associated shared knowledge and understanding
- Opportunity to meet regularly and discuss specific issues which are of international, as well as local interest. This provides opportunities for joint work, reduces duplication of effort and keeps everyone up to date on current issues.

Marketing Australian Products and Expertise

- Opportunities for Australian input (and hence influence on) PV guidelines and standards development. This ensures both that Australian products are not excluded from international markets and that Australian product developers are aware of likely international guidelines.
- Using the information and networks detailed above to promote Australian products and expertise.
- Working with some of the network partners to further develop our/their products/services to an overall better product.
- Using the network to enter into new markets and/or to open new business opportunities in Australia.

The International Energy Agency PV Power Systems Programme (PVPS)

One principal activity of the APVA is to manage Australian participation in the PVPS. This work is arranged by Tasks, each with its own commitments of time and resources. At present Australia participates in:

Task 1 – PV Information Exchange and Dissemination

Task 11 – PV Hybrid Systems within Mini-grids

Task 14: - High Penetration of PV in (Smart) Electricity Grids



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and is considering:

Task 9 (extension): PV in Developing Countries

Task 10 (extension): PV in Urban Environments

Task 13: - PV System Performance

PV2030

The APVA has developed an 8 point strategy for PV development and deployment in Australia by 2030 and works with all the relevant sectors to achieve the long term aim of a vibrant PV sector in Australia. The Association believes that successful policy support requires a coherent set of long term strategies covering all 8 aspects.



For further information on the Australian PV Association visit: www.apva.org.au

For further information on the IEA-PVPS visit www.iea-pvps.org.