

15 August 2008

Committee Secretary
Senate Standing Committee on Environment, Communications and the Arts
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary

Re: Inquiry into the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008

Woolworths welcomes the opportunity to make the following submission to the Senate Standing Committee on Environment, Communications and the Arts inquiry into the Renewable Energy (Electricity) Amendment (Feed-in-Tariff) Bill 2008.

As Australia's largest grocery retailer and a significant owner or lessee of large real estate, we believe there is a considerable opportunity to encourage the industrial and commercial sector's participation in large scale renewable energy generation by introducing nationally consistent and commercially viable gross feed in tariffs (FiT).

Woolworths strongly supports the Government's leadership position on addressing climate change. Transitioning Australia to a low carbon economy will require a range of policies that encourage business to invest in low-emission technologies and renewable energy generation. The introduction of a well-balanced emissions trading scheme and mandatory renewable energy target (MRET) are among the policies that will allow business to make calculated investment decisions in energy efficiency and renewable energy generation.

While we applaud the bold steps already taken to reduce Australia's carbon pollution, the challenge ahead is huge and will require all aspects of government policy working together to support low carbon energy generation. In particular, we believe there are considerable opportunities for the government to encourage the industrial and commercial sector to participate in the generation of renewable energy, particularly solar photovoltaic (PV).

Government initiatives to encourage the take up of solar PV energy generation have to date targeted the residential market with one-off and ad hoc grants. These initiatives have contributed to a large take up of small distributed systems of 1 KW installed generation capacity. However, a well priced and nationally consistent gross FiT could speed up large scale delivery of renewable energy.

Government must provide adequate market based incentives for the industrial and commercial sectors to participate in large scale renewable energy generation. In particular, business needs a nationally consistent and sufficiently attractive FiT to support investment in large solar PV installations with significant generation capacity.

The experience in Germany highlights the potential capacity for Australian businesses to participate in renewable energy generation. Germany's national FiT has contributed to it becoming the largest solar thermal market in Europe, despite it receiving only moderate levels of solar radiation.

Woolworths is well-positioned to play an active role in solar PV power generation. We have recently constructed two distribution centres at Laverton in Victoria and Erskine Park in Sydney with reinforced roof structures and inverter rooms that can accommodate a PV array of 1 megawatt installed generation capacity. However, in the absence of FiT further investment in the solar PV technology is not commercially viable.

We recommend government introduce FiT arrangements for large scale installations of greater than 0.5 megawatt with the FiT rate increasing with installed capacity on a sliding scale basis. The FiT rate must apply to total (gross) generation and not net export to the grid and must be fixed for a period of 20 years to give investors assurance on return on investment.

A more simplified and nationally consistent administrative process for the application and approval of grid connection would also encourage business investment.

The chosen FiT must also support a reasonable return on investment. We would be happy to share our detailed modelling with the committee and are keen to work with government to create a viable and thriving solar PV market in Australia.

If you have any questions regarding the matters raised in the submission, please contact Group Manager – Government Relations, Nathalie Samia on 02 8885 3446 or nsamia@woolworths.com.au.

Yours sincerely



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