

Please allow me to make this brief submission; I am also happy to testify if required. I also make a submission on behalf of the European Photovoltaic Industry Association (EPIA) - see below, at the end of my message.

Feed-in tariffs are the cheapest and fastest form of achieving deep cuts in emissions - key to Australia's future energy infrastructure

by Peter Droege, Faculty of Engineering, University of Newcastle

Recent European-scale studies show that feed-in tariffs deliver greenhouse gas abatement at a small fraction of the cost of emissions trading schemes (ETS), and dramatically lower electricity costs at generation when compared to ETS. They are also proven in practice to be far more effective than renewable energy certificate schemes in ramping up renewable energy generation capacity. Evidence can be supplied on request.

The reason for these differences are evident, and founded on a fundamental methodological distinction between ineffective and inefficient methods such as ETS and direct policies such as renewable production tariffs. There is also an important set of societal equity considerations.

The discussion centred on emissions trading has served to disguise for too long that Australia needs a crash program to replace its national energy system and exchange coal and oil for renewable power. The longer this is postponed, the more difficult the ultimate effort will be.

Roughly three-quarters of greenhouse gas emissions that are produced by human activities result from burning fossil fuels for power generation and transport, almost one-quarter from industrial agricultural practices, and overall this includes another significant portion from cement production.

Yet instead of focusing on these practices and finding ways to replace and change them, the emissions trading scheme distributes the onus for fixing the problem across the entire economy - from large companies to, ultimately, every owner, operator and consumer.

The stated aim is to drive efficiency and reduce demand, and to make alternative energy production more competitive. Yet there remains the temptation to ensure that primary polluters are granted relief and exemptions from this scheme, and motorists are buffered from price rises.

By focusing all attention on pollution trading, the core emitters - coal and oil producers, refiners, electricity generators from coal, diesel and gas - are supported in shifting the focus onto the consumers of polluted energy, holding the entire economy hostage to an indirect and untested policy device.

Feed-in tariffs, production tariffs, structural adjustment support to retrain and re-employ workers in outmoded high-carbon energy industries, direct investment in intelligent grids, efficiency standards and regulation

- and negative-carbon soil and land cover management methods - these are the policy and change tools of tomorrow.

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