



RAINBOW POWER COMPANY LTD

A.B.N. 74 003 323 420

1 Alternative Way, Nimbin, NSW, Australia 2480

Phone: (02) 6689 1430 Fax: (02) 6689 1109

International: Phone: +61 2 6689 1430 Fax: +61 2 6689 1109

E-mail : sales@rpc.com.au Web Site: www.rpc.com.au

Rainbow Power Company Submission to:

Solar Bonus Review

Industry & Investment NSW

Level 17, 227 Elizabeth Street

Sydney NSW 2000

Rainbow Power Company supports the 60¢ NSW Solar Bonus Scheme for these reasons:

1.0 Meets the stated objectives of the scheme:

- 1.1 Despite the increasing awareness worldwide of the seriousness of the climate change issue and despite ever increasing action being taken to address climate change, greenhouse gases are still increasing at an exponential rate. We believe therefore that all initiatives to reduce greenhouse gas emissions remain as relevant as ever, including the NSW Solar Bonus Scheme. The first objective of section 15A of the Electricity Supply Act "to encourage and support persons who want to generate renewable energy as a response to climate change" is thus as relevant as ever. According to SunWiz consultants NSW has the lowest uptake of solar incentives in comparison to other states and territories. NSW: at less than 2% saturation, recent explosive growth has not started to tap the potential of this market. NSW certainly has plenty of residential roof-space remaining. Most of the 30,000 take-up of the Solar Bonus Scheme has been because of the SHCP rebate according to SunWiz Consulting. For a total population in NSW of 6.7 million, a 30,000 take-up is an insignificant amount.
- 1.2 The second objective of section 15A of the Electricity Supply Act "to develop jobs in the renewable energy sector by assisting renewable energy generation to compete with non-renewable energy generation". This objective is still as relevant as ever as we need to urgently move away from non-renewable energy, which has always been and continues to be subsidised thus making it harder to compete against. The renewable energy sector deserves to get a greater level of assistance in order for the energy industry to become more sustainable. The solar industry has been growing quite rapidly over the past few years and any changes in the legislation could cause chaos in the industry. Rainbow Power Company Ltd presently employs 3 licensed electricians, 2 apprentices and about 12 sales and support staff. Many of these positions would be jeopardised by a dramatic reduction in solar incentives.
- 1.3 The third objective of section 15A of the Electricity Supply Act "to increase public exposure to renewable energy technology in order to encourage the whole community to respond to climate change" will remain relevant until the whole community has adequately responded to climate change. So far the scheme has been adopted by less than 2% of the population of NSW. This is the lowest uptake of any state in Australia.

- 2.0 Another reason for having and continuing with the NSW Solar Bonus Scheme which wasn't stated as an objective, is to encourage decentralisation of the power distribution network which increases supply efficiency, and reduces the requirement for upgrading the infrastructure of the distribution network.

3.0 Reducing the FIT will reduce incentive

We believe that the FIT may be reduced from 60¢ to 44¢ whilst electricity charges are going to increase. This means that the incentive will dwindle down to no incentive at all. Even 60¢ will not be very generous when electricity prices increase. At 44¢ there will be no incentive at all in 3 to 5 years as electricity prices increase. The FIT should be pegged at 2 to 3 times the standard tariff rather than a fixed amount. The present Country Energy Tariff is 24.33¢ including GST. So the mooted figure of 44¢ is less than twice the normal tariff.

4.0 Demand will decrease

As the number of installed systems increases, the demand will naturally decrease as the number of home owners who can afford to participate in the scheme decreases. The RECs rebate will also decrease, thereby increasing the out-of-pocket expense. The solar RECs multiplier is to be reduced, further deteriorating the value of RECs. The popularity of the Solar Bonus Scheme has partially depended on the popularity of the RECs scheme. As NSW has had the lowest uptake of FIT of all states (2%), it would be expected that we are a long way off any saturation point. This is confirmed by SunWiz Consulting findings.

5.0 Inequity of proposed reduction of incentive

5.1 It was originally mooted that the cut-off would apply from when the gross FIT meter is installed. Neither the customer nor the installer has any control over when the gross FIT meter will be installed, because there are not enough gross FIT meters in Australia to meet the demand. This is a very unsatisfactory situation that will create a lot of very disgruntled customers. It could lead to litigations with installers who have installed a system but can't get a meter before the cut-off date or the level 2 electrician who couldn't install it in time. If there is to be a cut-off date because the scheme is to change, it should be based on something less prone to unavailability of components, such as when the application or contract is submitted or received by the authorising body, such as Country Energy.

5.2 There will also be an inequitable solution of different rates being paid for current and new customers.

6.0 Prepare for a more sustainable future

6.1 Money spent on solar incentives will not only reduce greenhouse gas emissions, but will also reduce the cost of electricity in the longer term because sunshine is free and the cost of the fuel that it replaces will be avoided.

6.2 The Solar Bonus Scheme is an important incentive to build up the solar industry in NSW and it must not be watered down to create uncertainty in an industry that is so vital to addressing the global warming dilemma.

7.0 People want more solar power

Instead of reducing the solar incentive it should be increased to allow the construction of solar farms of up to 30kW as we have in other states, and the FIT should somehow be locked into the retail price of electricity so that the solar incentive does not get diluted. The rapid uptake of solar incentives demonstrates that the people of Australia are eager to live more sustainably which should be seen as a mandate by the government to continue providing incentives such as the Solar Bonus Scheme and not diluting them. We need more than token gestures from governments to address climate change. When Peter Garrett announced the ending of the Federal Government Solar Rebate in June 2009, he said that the rebate was overheating. Such rebates and incentives are necessary to avoid the planet overheating. "Of what use is an economy if we don't have a planet?"