

**The Honourable Geoff Wilson
Minister for Mines and Energy**

Dear Minister Wilson

**RE: Deputation by the Queensland FiT Lobby Group
Queensland Solar Bonus Scheme
Community Cabinet, Bribie Island, 27 April 2008**

The Queensland FiT Lobby Group is a newly formed group of PV owners and installers who are committed to achieving the establishment of an effective Feed-in-Tariff (FiT) for Queensland. We welcome the Queensland Government's Solar Bonus Scheme initiative to introduce a FiT for PV systems.

The scheme is described in the DME 'Solar Bonus Scheme' brochure. The broad goals of the scheme are:

- To make solar power more affordable for Queenslanders
- To stimulate the solar power industry

However, we can demonstrate that the goals of the scheme as described in the DME brochure will not be achieved with the current import-export FiT.

We therefore request you implement a **Sunshine State Gross FiT** that will provide a strong financial incentive to encourage investment in PV systems. The **Sunshine State Gross FiT** should be:

- Paid at 60c/kWh for **all** PV generation
- Valid for 20 years
- Indexed for inflation
- Available to all electricity customers

We consider the FiT amount of 60c/kWh an accurate recognition of the value of PV generation for the following reasons:

- No emissions during generation
- No water required for generation
- Power produced at peak demand times of the day
- Does not attract trading and network charges for energy retailers
- Saves infrastructure costs for the electricity industry
- Reduces transmission losses by producing power locally
- Stimulates the PV industry and creates jobs
- Provides a reasonable return on investment

The proposed import–export FiT scheme has the following limitations:

- The proposed import–export FiT will deliver no financial benefits to the vast majority of home owners because it is only paid on electricity that goes to the grid (generation minus consumption). Our computer modelling shows that the average household power consumption (DME Solar Bonus Scheme Brochure 10MWh/year) is more than the PV power output. Hence the average household will receive no payment under the import–export FiT scheme (see Figure 1).
- The import–export FiT is inequitable because people who live and work at home during the day will have a higher daylight electricity demand and use a large proportion, if not all, of the energy produced by their PV system. Only those who leave their home daily and do not use the energy produced by their PV system will be credited with a FiT payment. Accordingly, households that have made equal investments in PV systems will be rewarded differently, depending on their living circumstances.
- The import–export FiT is only paid on electricity that goes to the grid (generation minus consumption). This does not recognise that all electricity generated by PV systems contributes to the grid by removing the need to generate and transmit power from other sources. Every kWh of PV generation delivers identical benefits, whether that power is consumed by the household generating the power or by another household in the electricity grid (see Figure 2).
- The Solar Bonus Scheme requires import–export metering. Under this scheme, the generation from the PV system and consumption by the household cannot be individually metered. Only the difference can be metered. This means the Queensland Government will not be able to determine the greenhouse gas reductions from PV generation that contribute towards Australia meeting its Kyoto target (see Figure 3a and 3b).
- The import–export metering requires modification of the existing gross metering already used by ENERGEX. This adds a cost of \$300 to each PV system, including existing systems, and will be a discouragement to investors and add cost burdens to electricity distributors and retailers. The superior gross metering method is already in place.
- The scheme is limited to domestic and other small energy customers who ‘consume no more than 100 megawatt hours (MWh) of electricity a year’. This limits the potential of the scheme to stimulate the solar power industry. All customers should be given the opportunity to invest in PV generation.

The FiT is a financial tool to encourage investment in PV systems. A gross FiT will provide considerably greater benefits by paying on all generated power. This will encourage investment in the installation of more and larger PV systems (see Figure 4).

The recent overwhelming public interest in the Solar Homes Program confirms the public is enthusiastic to be involved in such initiatives. We argue that a **Sunshine State Gross FiT** will be more successful in making ‘solar power more affordable for Queenslanders and stimulate the solar power industry’.

We would be most happy to engage in further discussion with your department and we look forward to your response to our deputation.

Yours Sincerely

Stephen Bower
Queensland FiT Lobby Group

Trevor Berrill

David Keenan

Figure 1 – Average Hourly Power Output of 1kW PV System VS Demand for Average SEQ Home (10MWh/yr – DME Solar Bonus Scheme Brochure)

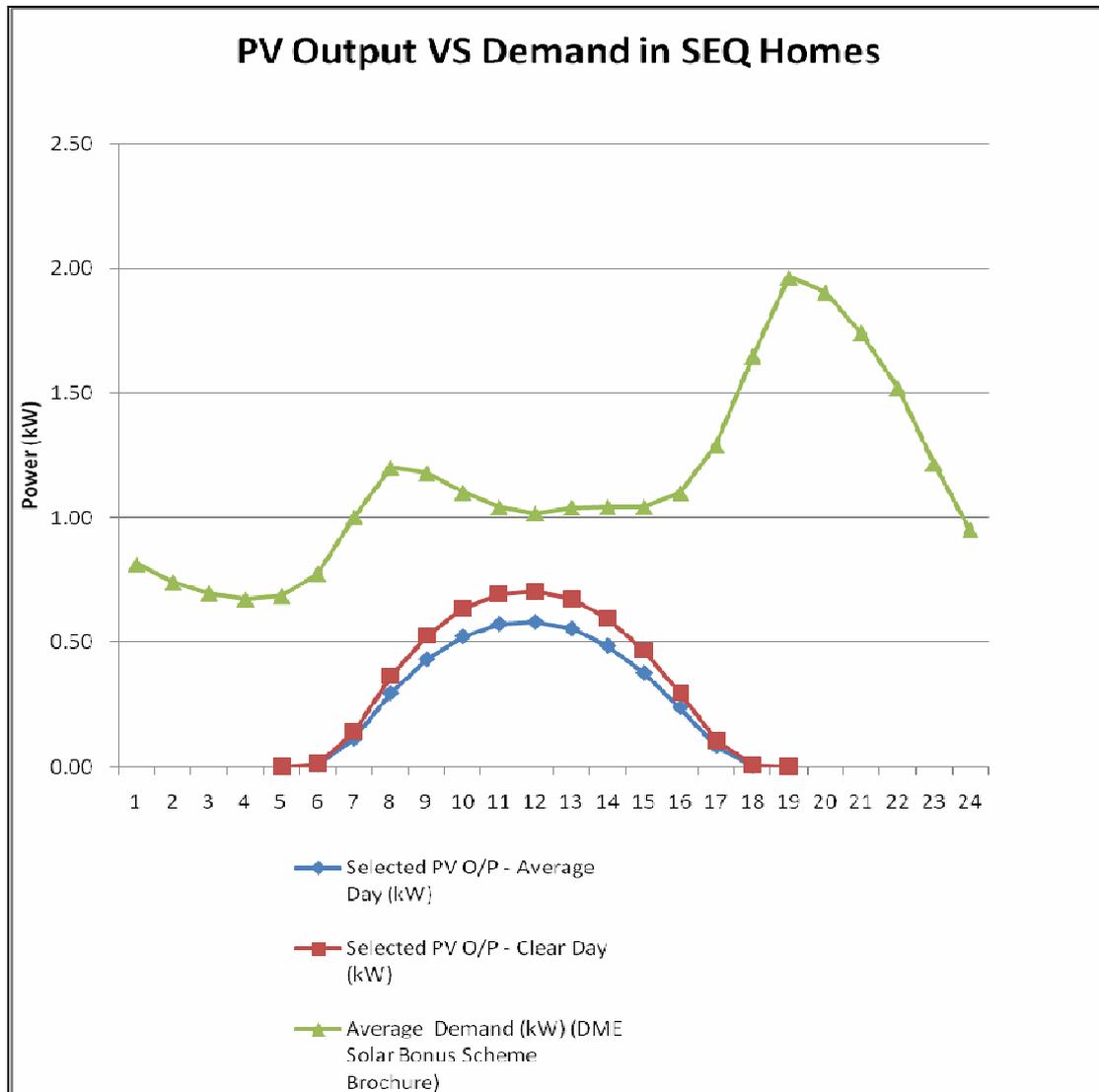


Figure 2 – Structure and Costs along the Electricity System

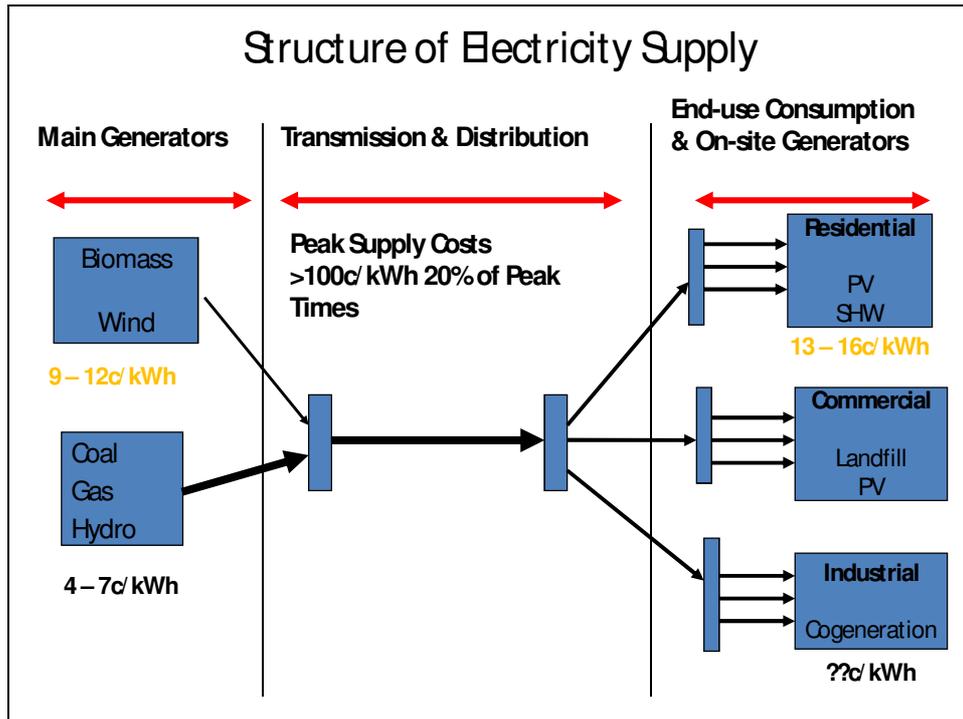


Figure 3 – PV Metering Schemes

Description of Metering schemes; *Metering of embedded generators in Australia* by David Roche, Australian Greenhouse Office, 2001

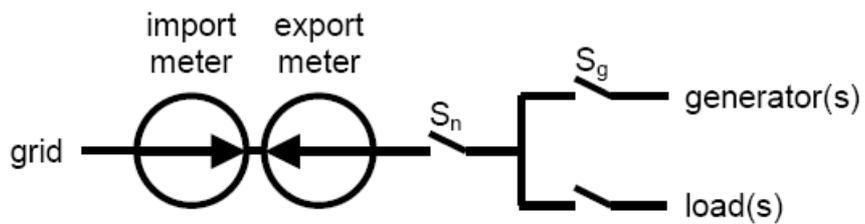


Figure 3a

Imports and exports are separately metered by two unidirectional meters (AGO Metering scheme 2) Metering scheme proposed for the Queensland Solar Bonus Scheme.

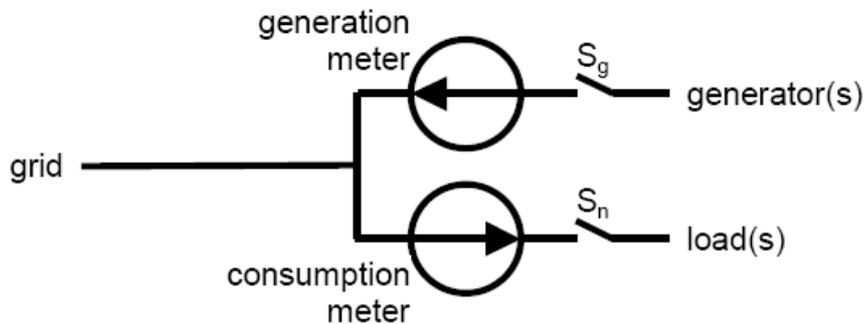


Figure 3b

Gross generation and gross consumption are separately metered by two unidirectional meters (AGO Metering scheme 3) Existing metering scheme used by ENERGEX.

Figure 4 – Simple Payback Period for PV Systems of various sizes with various Feed-in Tariffs

