

PETITION

Keep our 1:1 Feed-in Tariff!

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The government is reviewing the feed in tariff for solar grid connect owners in Tasmania. The government wants to sell off Aurora after 1st of January 2014. Treasury are analysing the situation for the government with regard to the feed-in tariff rate. Bryan Green is weighing up a decision under all guidance and pressure.

Many thousands of Tasmanians have invested in solar power to help cut their costs of living against out of control power costs. These investments are being threatened by the possibility that feed-in tariffs may be reduce to 8 cents per kilowatt hour.

THE CURRENT FEED-IN TARIFF ARRANGMENT

Tasmanians who have solar power and are producing more than they use are currently receiving a 1 for 1 feed-in arrangement for feed-in. This mean that they are essentially able to "Share" their excess power in the local neighborhood through the local copper etc. then use it when they need it. As The billing systems do not cater for crediting and relieving kw hrs, then billing out the extra above this in dollars, They determine the feed in as purchases from us at the tariff 31 rate, currently of 27.785 cents per k.w. hr.

THE PROBLEM

Treasury is analysing and reviewing the current system of solar grid feed-in rates in Tasmania and the talk and fear in the community that we may end up with an 8 cent feed-in tariff or less than 1-1 as demanded as fair.

Tasmanians who have installed solar power, have done so with the security of a one for one feed-in tariff. This made it a viable proposition for them.

Without the feed-in tariff as we have it, the investment will be scuttled and home finances severely affected .It would halve the value and create 10~even 20 years of financial burden instead placing Tasmanians affected in an untenable position of financial hardship by any decision to reduce tariff to such a low level.

The many solar businesses in Tasmania will be put at extreme risk of failing with a huge lost of job directly and indirectly in the industry.

Local jobs and further expansion and employment opportunity has stalled, and is now under serious threat with the future resting on the outcome of this primarily rests with Minister Bryan Green it seems.

WHAT CAN WE DO ABOUT IT?

We can combine our voices to demand that our feed-in tariff is retained is protected by legislation from our parliament.

Is 1:1 Feed-in tariff viable?

Let us take a look at the cost to the power retailers. Last year, Aurora turned over \$1.492 Billion dollars. Figures from Aurora estimate that \$10.7 Million was lost in sales revenue due to solar installations. The total feed-in to the grid last year was valued at \$5.5 Million using the 1 to 1 feed in system. In the break down for that, the actual cost to Aurora was 3.2 Million dollars. These costs are made up of Carbon pricing, finance costs, market charges, distribution costs and retailing costs. These costs affect the profit and loss directly because power is fed back into the grid at the same price it is sold for. Therefore those costs are borne by the bottom line profit of the company.

Last year the operating profit of Aurora before the dividend (\$11.9) and before Tax was \$31.6 Million. It is easy to see that a \$3.2 Million cost for solar is a small drop in the ocean for the future power companies to bear. Compared to some of the other costs of doing business for Aurora, the cost of allowing solar feed-in is small. For example, take a look at the wages situation for Aurora over the past couple of years. In the previous 12 months staff levels were at 1230 people and the wages cost for that year was \$121.3 million. Last year the staff levels dropped to 994 but the wages cost was \$15.7 million higher. A power company that has to compete in the market with other players will not be able to allow issues like this to arise. They will streamline their costs to make their business profitable in the market conditions. If one of those conditions is a regulated feed-in tariff of 1:1 then they have plenty of room in their business model to allow for such a small cost of doing business. This is main reason why a solar 1:1 feed-in tariff is an economically viable option for the future power retailers to take on.

It is understood that the new retailers would be operating on a profit margin of around 6% or 7%. It won't be known for sure until the Minister sets the wholesale price for power in Tasmania. If each of the 2 retailers coming into the market get half of the turnover, their profit margin should be in the area of \$45 million each. The 2 power retailers will share in around \$3.2 million of cost for feed in from solar producers. That's if last year's figures are used. It is easy to see that the retailers can be profitable and maintain the feed-in situation as it stands today. It represents less than a 0.5% hit to the bottom line of these companies.

What is important to understand here is the benefits of the solar industry as it stands today and what the future could hold if the feed-in rate stays the same. It will mean that more Tasmanians will install solar panels on their homes because it is one of the best methods of reducing their cost of living. They pay a cost at the beginning and they work out a timeline of when they will break even. Currently the break even points for a majority of recent solar purchases is around 5-6 years. Then after the breakeven point the real benefits start. The system has paid for itself and that household will enjoy real savings on the cost of running that home.

An important point that must be addressed is a transition period to a regulated feed-in tariff. The existing solar grid system owners have purchased their systems on a promise that they were to receive a 1:1 feed-in arrangement. They need to be looked after so that their investments are not destroyed by a reduced feed-in tariff. A period of 5 years will allow the most recent purchasers to reach a majority of way to their breakeven point. It also allows the earlier purchasers to receive at least part of the benefit they thought they were going to receive when they bought their systems. The majority or system purchase more than 6 months ago, have a break even point of 9 or 10 years from now.

Solar sales/installation companies in Tasmania employ well over 1000 people. There are over 100 installers registered with the clean energy council. With 6000 installations last year, that equates to over 30,000 work days for Tasmanian workers last year. This equates to at least \$6.5 million in wages. While it is difficult to quantify in dollars, their contribution to the Tasmanian economy is not small. And more importantly it will grow. The number of solar installations on the system stood at 6500 in June 2012. In March 2013 that number stands at 12,500. The solar industry represents \$50 million plus turnover in the Tasmanian economy.

With more households installing solar, Tasmania will move to the forefront of renewable energy production, and together with the wind projects will set an example for the rest of Australia and the rest of the world. Tasmania will show that solar production by consumers is economically viable as well as environmentally responsible. We can teach our future generations that we do not need to rely of dirty coal or gas to produce our electricity. Our experience and skills can be exported for a profit for our state

Sure, there is a cost for 1:1 feed-in, but that cost is small enough to be borne by incoming retailers. It is small enough for them to make good profits. It can be a source for marketing and competition for multiple retailer in the power market.

The new retailers opportunity is to share the \$1.492 billion database revenue. That's up \$100 million from the previous year. They should carry the .0021% (1/4 of 1%) of turnover for Feed-in in their business. These professional private operators will surely massively increase their net profit outcomes by comparison to Aurora's poor outcomes.

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