

4/2/2016

Att. Matthew Groom M.P. Energy Minister

Chair of the Cabinet Sub Committee on Energy Security

Dear Minister. Groom,

I would like to take this opportunity to voice my input on behalf of:

Save our Solar Tas.org, as the principal, whom have some 3,500 followers and had some near 3000 petitioners against the changes to the feed in rate overseen by the previous Government under Bryan Green.

As a retailer of P.V. grid connect solar and thus representing industry interest and that of my 1000 past customers and the value opportunity for future both local commercial sites and the general home dweller mums and dads etc.

As a concerned member of the general Tasmanian Public

I also believe that I have been consistent in representing the general public common broader viewpoint in regard to the value of rooftop solar in Tasmania for all concerned.

It is simply that Tasmania is in a unique position to take advantage of roof top P.V. embedded solar for some of the following reasons:

The “Merit Order effect” simply is irrelevant in our state Hydro based system.

We see reports that we currently (until the cable broke) had imported some 40% of our power needs Y.T.D.

We currently have a drastic position of low water levels.

Embedded P.V. solar can assist positively in a multitude of positive ways, frankly I have not been presented with any concrete negatives against P.V. embedded solar for the Tassie market.

The only one that is contentious is the increase in the kw price of power due to any higher feed in rate being awarded. This small cost seems to have been over exaggerated. We maintain that solar owners are not being awarded the full “costs avoided” in the current F.I.T. rate.

Thus we see that new and prospective solar owners are subsidising the k.w. current price. The small level of increase per kw to value feed- in correctly is offset by the overall benefit derived for the State i.e. gst revenues, significant employments levels, greater business activity across all direct and indirect segments involved.

We also mention that energy customers saw a margin increase to Aurora and other retailers from July 2014, from the Regulator, of some 2 cents being a near 50% increase in their margin! Primarily those other retailers failed to arrive for the non contestable market.

Therefore we see such excess margins available to more than cover against any perceived increase accordingly.

In regard to the value of P.V. solar to be embraced and not crippled instead, as I see we have lost some 90% of installations and with that some 180 ~ 250 equivalent full time jobs ! 12 in my business alone! Some 80% off my workforce!

Our data also demonstrated that the cost increase per kw year one was close to 2 tenths of one cent! and grew with the predicted installation rate then budgeted under 1-1 F.I.T. regime of two cents per kw by year ten, whilst maintaining those full 100's of jobs & GST revenues.

Simply this could be to some 450 jobs plus! with a waiting commercial sector now ready to emerge as well. But whilst we have been to a large number of commercial prospects, we currently have had a small number invest. We found by in large that most small and medium businesses paying rack rate are keen about the concept, but the current portrayed negatives surrounding the politics, coupled with the poor feed in rate, are the barriers against investment here. Contestable customers are disadvantaged by longer payback rates that are exaggerated by them paying a separate peak load fee being a large portion of their bill. This largely does not count in the general kw usage, where the base kw rate savings figure can only be used to value towards self production from their own embedded solar.

In reference to the cost of the FIT, our submission to the Regulators resulting in a meeting with Craig Burgess and Dean Tipping two years ago, drew no negatives and indeed they commented that they found no flaws in our presentation math's or data demonstrating a neutral cost avoided F.I.T. position. Our submission justified 100% of high voltage "Transmission" and all but say 2% (as generous) of "Distribution" network costs. Thus leaving the retail margin out as they deserve the full margin no matter whose k.w.'s they sell. This would have resulted in a F.I.T. rate of near triple the 5.51 cent (plus gst) that currently irks and has dissuaded the potential solar investors. This has reflected in just my business alone dropping from some 25 systems a month back to a 2 per month average instead.

We believe that their superiors and advisers in Treasury & Aurora etc. swayed the Government of the day to only set the rate at the pre transmission production cost and line losses, thus ignoring the many advantages of fostering and hastening the growth of the diversified embedded power station funded within the Tasmanian community of both private and business sectors and with no cost to the state purse either directly or indirectly. All this without Hydro or foreign input, yet driving our local economy, seeing businesses and households free up their expenses on power, whilst also contributing significantly to water reserves in Tasmania, "Our Solar Battery".

Further, given favorable conditions to invest, businesses, by being able to mitigate one of the 3 typically highest costs in their operation, become more competitive and are then in a much better position to create and expand their business, or simply are able to maintain their business viability against the tough marketplace.

Householders could also see relief of power costs as they are concerned heavily about this expense where energy costs have multiplied due to "Gold Plating" and nationalization of the energy market. Tasmanians have an extra burden due to requirements of heating in winter. I feel I have assisted this by introducing the "Heat Pump" concept to Tasmanians

some 23 years ago by nurturing and fostering the concept into the market to then see it embraced solidly now as the most economic and efficient heating method.

This alone has made heavy reductions on the grid demand as direct electric heating methods can be 5 to 7 times dearer to run, wood and gas for heating are also too expensive now.

Let's face it, fortunately we are the result of Electric Eric's visionary outcomes of Hydro power - for that we are all grateful. But with Gordon below Franklin etc. off the agenda we must aggressively address our unique opportunity with solar, as Germany, Denmark California, Japan and other jurisdictions have embraced proactively.

We can lead in Australia, as we have a unique position in Tasmania of that huge storage of water potential, if interwoven with both big end Wind etc along with local embedded solar P.V. together saving water as our battery system that can once again bring our power fortunes to maximum advantage for Tasmania. This partnership of investments will secure domestic and small business demand, and bring comfort of security to the likes of Comalco, Pasmenco etc, as well as encouraging potential new industries that would only invest in a stable power rich economy. There is a huge mainland export opportunity, where I say again that we, if positioned with adequate reserves, can resume and grow sales for their peak load requirements. This will surely see future growth in demand as the fossil fuel dominant mainland continues to need our power resource.

One of the most prudent drivers to generate investment in rooftop embedded P.V. is a locked-in, long term, high value F.I.T. rate. Therefore I propose consideration to returning to either a 1-1 rate, or the full costs awarded rate, which our prior submission demonstrated at somewhere near triple the current F.I.T. rate. This bears no cost burden in real terms, in fact it would be very cheap against the current stop gap measures incurring hefty costs to provide power, and of which a continuance or repetitious outcomes into the future are simply untenable to allow.

I can refer to a state Liberal policy dated 16/03/ 2010, where proposals to provide low interest loans and sundry are mentioned by the then forward thinking then Shadow Minister.

See media release **Real Change– A bright future for energy in Tasmania** see attached email correspondence enclosed.

We do need to present a secure and long term strategy to encourage investment, I put it that major investors whom would provide a wind farm etc would ensure they have long term contracts in place. I suggest that we create security for investment by perhaps matching the R.E.T. rebate, 15 year abatement program for domestic solar. System sizes is now capped by Tasnetworks to 10 kw per domestic site, which is appropriate for grid load reasons. I suggest then it be 25 years for commercial users, where power prices for contestable clients for instance are lower and such businesses need longer term investment R.O.I. security. There are other issues relating to quality of equipment and sellers that are under the current Green House Office rules are allowable for installation. I suggest a tightening up of this, perhaps prudently tougher standards under the banner similar to the Preferred Supplier Scheme would better protect investors to a more appropriate level than currently exists.

By creating an attractive environment for investment, could see a return to some 5000 domestic installations p.a. but could double the uptake in k.w. load from the hesitant business

take up of P.V. rooftop could put us on target to some 500 m w annual extra production by 2026, growing from say, 45 mw as extra annual product by end year one. Then some 270 M.W. by year 5 and some 500 mg by year 10 occurring (*see tables below*).

All this is reasonably achievable, as you may note that installations peaked at 7,658 in 2013. This can be conservatively delivered from embedded solar and again doubling prior 2012/3 industry employment rates in Tassie to some 4000 jobs, but only if you provide the correct environment to encourage investment.

This is at simply no expense to Government purse, indeed actually via GST revenues and employment outcomes our economy would prosper. Along with this a resulting diversified and localized major privately owned power station that could provide a valuable and growing megawatt local capacity, as per my conservative forecast outcome table below presents.

This in turn saves much needed water levels in dams, could offset imports over time and thus allow valuable exports of power as was the main idea of Bass-link first up!

All this largely by Tasmanians individually whom simply reap a superior benefit by offsetting their own power used at full R.R.P. but with such a low feed-in rate which is seen as unattractive and a rip off across both commercial and domestic potential embedded P.V. investors decision makers.

P.V. owners are considering moving to personal site battery storage, but this does little for the greater good of the state. P.V. owners are much better off using the grid feed in as their battery instead.

Small generation unit - solar (deemed)

*Base data Provided by C.E.C. website

	TAS installs	Cumulative Total	% increase		TOTAL AUST	% Increase
2001	-	-			118	
2002	1	1			251	
2003	9	10	900%		664	265%
2004	17	27	170%		1,089	164%
2005	13	40	48%		1,406	129%
2006	4	44	10%		1,115	79%
2007	25	69	57%		3,480	312%
2008	161	230	233%		14,064	404%
2009	1,452	1682	631%		62,916	447%
2010	1,889	3571	112%		198,208	315%
2011	2,475	6046	69%		360,745	182%
2012	6,364	12410	105%		343,320	95%
2013	7,658	20068	62%		200,407	58%
2014	4,207	24275	21%	Flow on from cut off of F.I.T. Nov 2013 new sales actually more like 95% down	180,123	90%
2015	1,797	26072	7%	Some recovery	130,253	72%
Total	26,072				1,498,159	

Domestic scene @ average 4.5 kw system size using previous stated average from Aurora @ 2013

Budgeted new era data if solar properly supported Loose projections as reasonable, if consumer confidence is affirmed solidly.

	new pv's	Cumulative total	extra kw p.a.	Commercial systems	TOTALS
2016	5000	31072	22500	22500	45 m.w
2021	5000	56072	135000	135000	270 mw
2026	5000	81072	247500	247500	500 mw

Whilst PV solar cannot solve the water security alone, I submit that the overall benefits are significant here and should be embraced for the wide ranging benefits.

Naturally larger investment into other alternatives would partner my suggested path with P.V. to also assist to build a reliable and profitable power system whilst also maintaining a richer level of water security.

Another additional way to reduce consumption:

Another older statement I made was simply aimed at Government back two terms ago, and is simply “Government assets ... Change the light globe” Fluorescent tubes can see 50% energy reduction, Dichroic’s and standard globes up to 95% savings in energy, plus street lighting could go totally solar, or at least LED ! This strategy would deliver longer term low maintenance costs as well.

The Local state solar opportunity is unique for Tasmania and can be a shining example to the world alongside other forward thinking jurisdictions and particularly presents a great marriage of opportunity, driven by the fact that our primary Hydro based system matches almost seamlessly here, whereas again I state that the mainland Fossil fuel primary situation sees dislike for solar by retailers of power due to the Merit order Effect. Yet when power shortages typically occur over summer on the mainland, we should be in the prime position export and take advantage at premium prices per k.w. too.

I trust that this submission gets a fair hearing and can be seen in a new light, by our fairly new State Government, and drive confidence in same moving forwards, as not only a sensible and responsible path, but also one that embraces forward thinking to move our state forward towards a more prosperous position long term.

Thank you for your time and hopefully appreciation of the Value of embedded P.V. rooftop solar for Tasmania.

John Thirgood

Man Director Jessups Solar Squad
Co-Ordinator Save Our Solar Tas .Org

And Proud Tasmanian