

[REDACTED]

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Sent: Monday, 17 September 2012 4:30 PM
To: General Electricity Address
Subject: submission for Estimation of a Fair and Reasonable FIT for Queensland

1. The Solar Bonus Scheme (SBS), introduced in 2008, has been very successful in its aims to make solar power more affordable for Queenslanders.
2. The SBS, and the net FIT associated with it, was "fair and reasonable" for the time when it was introduced, and most likely for several years afterwards. However, in the past 1-2 years, the scheme has in retrospect proven to be overly generous. This is reflected in the accelerating uptake in recent years.
3. The reduction in net FIT from 44c/kWhr to 8c/kWhr for applications processed after 10 July 2012 is much more "fair and reasonable" today, given the reduction in price of PV systems over the past 4-5 years. It might be argued that this change ought to have been brought about sooner than July 2012, perhaps 6-12 months sooner, but this change did not occur. Therefore, to protect ordinary Queenslanders who invested in small scale PV systems in good faith, the original 44c/kWhr net FIT ought to be honoured.
4. Other recent changes to the SBS scheme from July 2012 include provisions that will lead to "natural attrition" of the number of PV system owners eligible to receive the 44c/kWhr net FIT. For example, if these owners sell their properties or otherwise disconnect from the grid, they will lose their entitlement to the 44c/kWhr FIT.
5. To reduce the overall cost of the scheme, a compulsory retailer contribution of 6-8c/kWhr towards the overall net FIT of 44c/kWhr or 8c/kWhr ought to be considered. This is consistent with the advantages of lower distribution costs of embedded solar power to retailers.
6. Solar power is generated at a time that could be considered to be bordering between "shoulder" and "peak" demand times - times of high industrial and commercial usage. Given the large Queensland installed PV capacity, this shoulder/peak capacity is not insignificant, and it could be argued that the introduction of small-scale solar PV has led to a modification of "peak demand" from approximately 2pm-8pm, prior to 2010, to 5pm-8pm that it is today. There would be expected to be lower infrastructure costs associated with this reduction in peak demand durations. These cost savings ought to be transferred to all Queensland electricity consumers.
7. Any FIT scheme for the Queensland market ought to be based on net calculations, not gross. Net FIT schemes are inherently efficient in that the solar PV produced by the small-scale system is first consumed by the system owner - only excess energy is exported. Gross FIT schemes on the other hand are inherently inefficient - all solar PV is first exported before being drawn back from the grid by the PV owner. If the gross FIT of 44c/kWhr were to be applied to "old scheme" PV owners, this would lead to higher payments to these customers. Conversely, applying an 8c/kWhr gross fit to small-scale PV owners would lead to investment returns to small-scale owners that are so poor that solar uptake would be severely damaged.
8. I recommend that the existing net FIT schemes - new and old - in place at the current time be retained unchanged. From 1st July 2014, the new net FIT rate of 8c/kWhr ought to be re-adjusted to suit market conditions and regulated for a further 12 months. This would allow fairness to be maintained and allow for easy adjustment to a national FIT scheme if it exists at this time.

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