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MEMBER FOR NOOSA

CLEAN ENERGY BILL, MAY 2008

Mr ELMES (Lib:Noosa) Mr Deputy Speaker, I rise to contribute to the debate about the *Clean Energy Bill 2008*.

I would like to specifically address the introduction of a feed-in tariff for Queensland and how this will assist in climate-proofing our state.

Feed-in tariffs are nothing new and it's a relatively simple concept. The system requires power retailers to buy-back excess electricity generated by the consumer through solar cells sitting on their roof.

Usually the buy-back price is at a premium over the cost of electricity generated by Coal-fired plants or their equivalents, to recognise the importance of low-carbon emission generators and to provide an incentive for consumers to invest in the solar-cell array. The extra cost to the retailer is then shared amongst all of its customers, thereby reducing it to a barely noticeable level for each individual customer.

The USA first introduced a feed-in tariff in 1978. Altogether 46 countries and jurisdictions have subsequently introduced similar systems, including South Australia.

Since that time however, by far and away, the best example of a feed-in tariff in operation is that in Germany, where it is estimated that one in a hundred homes have now installed solar arrays.

This means that Germany is in the enviable position with nearly 10% of their power now being produced via renewable energies under the Renewable Energy Sources Act. In quantum terms, that's 50 terawatt-hours which equates to about 80% of the total electricity generated by Queensland government owned generators in this state each year.

The Germans estimate that their system avoided 97 million tonnes of CO2 emissions in 2006.

Of these benefits, analysts estimate that about 2 terawatt hours of electricity come from domestic roof-top photovoltaic systems alone.

However the principle difference between the German system and that proposed by this bill relates to the price of the purchased power. The current purchase price of the German system is 49 Euro-cents per kilowatt hour for systems producing less than 30 kilo-watt hours, which is the standard domestic size.

In Australian dollars, this equates to 80 cents per kilowatt hour which is almost double what is proposed by this bill.

The Germans also have a system to induce consumers to take-up these price rebates sooner rather than later, and that is to progressively reduce the amount of the buy-back price. However once a consumer has joined the system, the price applicable at the time of their joining the system remains constant.

These systems have been so effective that there is contention that by 2050, when the rest of Europe is aiming to achieve 20% of their power from renewable sources, Germany could achieve 100%.

The amazing outcome of the German experience is directly the result of market-based initiatives for consumers to take up positive action to reduce carbon emissions.

Everyday in this parliament, we hear about measures being undertaken to drought-proof the south east, invest in new technologies such as "clean coal", measures to take immediate action on climate change and others; most of which are still in the development stage. Mr Deputy Speaker, here we have a plan which we can begin tomorrow, the technology we already have, the education to protect the environment and the role that each person must play in protecting it has to a very large extent been done.

The challenge now is for this government to take the lead and give Queenslanders real incentives to not only provide for most of their own power-needs, but in some cases to put power back into the grid.

Yes there is a cost, if we go along the same lines as the German model, its about twice the cost, but the savings on the other hand which reduce the need for building new power stations and cut costs associated with cleaning and maintaining our environment will well and truly in my opinion, even the ledger.

If this Government is serious about this system, it should try a bit harder. This is a good start but only a tiny one, so why should we muck around and pay only half the price of what the Germans pay and as a result only get a small fraction of their results. If the Government is serious, let's use the German Model as a guide and can I also suggest that the following be considered:

1. The declaration of the price for electricity payable within the Bill is a critical flaw. It is not open to CPI indexing, unless this Act is amended each year. This means that consumers, through inflation and other means, will be paid progressively less until the 20 year sunset clause becomes effective.
2. The proposed system only allows a return of credit to the consumer's account. Whereas, for example other models allow for a cash-rebate to be paid monthly. If we are going to provide real incentive for Queenslanders to take solar power up seriously, then on the relatively rare occasions where consumers do provide an excess of power to the grid they should be sent some form of payment and be heartily recognised and congratulated by the Government and the community for their efforts.
3. As I have said previously Mr Deputy Speaker, the price is almost half of what the German system pays its consumers. We are on the right track, let's not have to come back in 12 months or 18 months because this section of the bill has failed to strike a spark in the imagination of Queenslanders. Let's do it right, now and get the results that every single person in this house would want to see.

4. On the issue of whether the net or the gross surplus power is to be purchased by the retailer, I strongly suggest to the Minister that in the interests of fairness and in order to provide the biggest incentive to consumers, the Government should mandate the purchase of the gross power produced by these systems.

Now before I conclude let me briefly examine the Rudd Government Federal Budget released in all its green glory last night and how it will affect the uptake of photovoltaic energy generation in Queensland.

Mr Deputy Speaker, I have here the Federal Government's Budget Paper number 2 and at page 8 I note that the section titled "Tackling Climate Change – Green Loans" section omits solar power from its range of green power sources. The "green loans" are available for a handful of possibilities, but unfortunately not Solar Power.

Mr Deputy Speaker, under the section "Solar Cities and Green Precincts" – I see that Queensland gets absolutely nothing.

There is one more section that will affect the take up of photovoltaic power in Queensland. In the Swan Budget it's called "Solar Homes and Communities Plan", but in my book, this is just a swindle, pure and simple.

The former Government paid up to \$8,000 as a rebate for photovoltaic systems subject only to the wattage of the system installed.

Kevin Rudd by comparison has limited that rebate to only 6,000 homes across Australia and has applied a means-test to preclude any household that earns more than \$100,000 per year from receiving a rebate.

The messages I have been hearing from the manufacturers and installers of these solar power generators is that the removal of the rebate for such households will gravely waken the industry.

The solar industry tells me that the reduction in rebates is just plain short-sightedness on the part of the Labor Government. Federal Labor are kidding themselves if they think that households with less than \$100,000 incomes are going to take up this proposal in the current housing market with all of its associated challenges for homeowners.

The fact remains that it is households that do earn more than \$100,000 each year should be incentivised to take up solar power, because they are the ones who can afford to do so. Taking up Solar power is not an economically-pragmatic decision – it will involve a significant capital outlay which will only over a long period of time, begin to return some small benefit to the consumer. If we want to make progress on the introduction of solar power and reduction of carbon emissions from households it is exactly this group of Queenslanders who should be targeted and encouraged take up solar power.

This shouldn't be an economic argument for either the Federal or State Governments; it should be a climate change argument. The best way to encourage the take up of low-emission power is through this rebate. The Howard Government proved that because the industry boomed after the rebate was introduced. Mr Deputy Speaker, I say to the Minister "Where is your environmental messiah now?" Where is Kevin Rudd? Where is Penny Wong and where is our aging Rock-Star, Peter Garrett. We have been told time and time again that Labor's environmental credentials are impeccable: you have failed this test and failed it badly.

The Government today made much of its cozy relationship with the new Federal Government if you have even a fraction of the influence you boasted about this morning, you will get onto your Queensland mates in Canberra and see that this incentive is restored and if it is not, have the intestinal fortitude to do it yourself.

Not to do so Mr Deputy Speaker, not to do so, will simply prove that this Government is not serious about climate change. They always have plenty of say on that side of the House, Mr Deputy Speaker, but at the first opportunity that Labor got to do something about it, they shirked their responsibility.

The Federal Labor Government has with the swipe of a pen, set back the take up of solar power in Australia by almost two years.

As I said previously, the Government should reconsider its position on purchasing only the net power produced over the gross power, it should consider increasing the price payable --- at a bare minimum to allow for it to be indexed to increase with CPI --- and it should also consider paying real cash to consumers, not just credit some time further down the track.

Otherwise I commend the bill to the house.
