

ELECTRICITY (RENEWABLE ENERGY PRICE) AMENDMENT BILL – 24 Mar 2011

Adjourned debate on second reading (Continued from 24 February 2011.)

Mr PEDERICK (Hammond) (11:07): I rise to support this bill which was introduced by the deputy leader, Mitch Williams. I will go through some history of what has happened with feed-in scheme legislation in this place. On 14 February 2008, the parliament passed the Electricity (Feed-In Scheme—Solar Systems) Amendment Bill 2008, which enabled the state's solar feed-in tariff scheme to come into effect on 1 July of that year.

This scheme provides householders with a 44 per cent rebate on electricity that they feed back into the grid from photovoltaic electricity systems installed on their roofs. This is a net rebate and is only paid on electricity that is fed back into the grid: that is, at any time during which electricity is being consumed at the site where the photovoltaic cell is installed, only electricity generated in excess of that instantaneous consumption is fed back into the grid.

For example, if a refrigerator thermostat switches that refrigerator on, it is most likely that while it is running, there will be a net draw from the grid but, most likely, when it goes into standby, there may be a net input of energy into the grid. This is metered independently of consumption from the grid and is used to calculate the rebate. The rebate is funded directly on an additional electricity charge approved by ESCOSA and impacts on the electricity bill of every electricity consumer.

Prior to this bill being passed, retailers were buying solar electricity from householders at a one-for-one rate, but after this bill was passed many retailers stopped paying for solar electricity themselves and, instead, allowed ETSA to pay the 44¢ per kilowatt to householders for their solar electricity, with the 44¢ collected as an additional charge on all electricity consumers.

Retailers are now profiting from the scheme by onselling electricity so generated back to consumers. AGL and Origin were paying something in the region of 16¢ to 24¢ per kilowatt hour for electricity fed into the grid prior to the feed-in bill being passed; if they continued to pay this, retailers would now be receiving up to 68¢ per kilowatt hour for their solar electricity with the 44¢ legislated premium.

As part of the original legislation, it was deemed that a review of the scheme would be triggered at 10 megawatts of solar energy capacity being installed. This level was reached in May 2009, and on 31 October 2009 the government announced the terms of reference for a review of the scheme. The report of the review was eventually released in August 2010—well after the March election of that year—making nine recommendations.

It is interesting to note that industry is currently trying to work under the recommendations, but they have not been formally approved by the government. These range from recommendations involving the government considering an approach similar to the ACT model, and include a provision in the legislation for the minister to recommend other technologies into the scheme, and recommendations about implementing a cap similar to the Victorian scheme. It was suggested that the cap be about 100 megawatts capacity, and there are some suggestions that the

South Australian cap would possibly be 60 megawatts, and I believe we are very close to that number.

The third recommendation is that the government instruct ESCOSA to conduct an annual analysis into the value of small-scale renewable exports and provide a determination to the minister of a minimum benchmark rate for small electricity customers. There is also a recommendation about the government publishing a minimum benchmark rate for small customers and obligating retailers to also publish rates for comparison purposes. The fifth recommendation is that the government reduce the eligible system capacity size of the qualifying generator from 30 kilowatts to 10 kilowatts to ensure the integrity of the scheme.

It also recommended that the legislation be amended to include a specific reference to the scheme as a 'net' scheme. The seventh recommendation is that the government sponsors a centralised website and other information channels so that customers can access accurate information on the scheme about connecting small-scale renewables across South Australia. It is also recommended as part of these nine recommendations that the government amend the legislation to prescribe the scheme parameters into subordinate legislation. The ninth recommendation is that a second review into the scheme be conducted in 2012.

After the release of the report, the state government announced that it would be making the following changes to the scheme, and I believe that none of these changes has happened: to increase the bonus from 44¢ to 54¢ per kilowatt hour; to obligate retailers who choose to contract with solar customers to pay a minimum rate for the power that they receive from the owners of solar panels; to limit eligibility for payment of the bonus to the first 45 kilowatt hours exported to the grid per day; and to limit eligibility to one generator per customer or entity.

On this side of the house we believe that, instead of getting this power for nothing, retailers should pay something around 20¢ per kilowatt hour, and we are wondering where the government is on this legislation. Constituents have written to me in regard to the feed-in price of 54¢, asking where it is. They know it has been reported on, and they know it is a government recommendation, but it still has not happened. There are many questions about why the review, which was supposed to be triggered at installed capacity of 10 megawatts under the legislation—which happened in May 2009—but the minister did not establish a review until October 2009.

When the response to that review went to government at the end of 2009, there was not a formal response from the government until August 2010, well after the election in March 2010. Also, the government indicated it would move a bill (as I indicated earlier) about the legislation reflecting its response, and this has not seen the light of day.

This brings no certainty for industry. Industry is working under the supposition that these recommendations will happen, according to the government. Minister Conlon has been left wanting on this. It has left the solar voltaic industry and electricity feed-in schemes in doubt. People do not know where they are. It will leave retailers and suppliers in doubt and, certainly, it does not give surety to householders who install these feed-in schemes or solar power. These systems are quite expensive to install and people need to know the exact legislative framework that they are working around so everyone has surety into the future.

It is especially important at this time, as we see the current incentives for installing solar capacity finishing at the end of this financial year. So people are making decisions on whether to install this power source but they are not sure how it will be regulated or the appropriation legislation around it. The feed-in bill was supposed to be upgraded and amended legislation brought to this place, but it has not seen the light of day.

On this side of the house, and supporting the member for MacKillop, we want to see a fair outcome for householders would want to supply to these feed-in schemes. There should be a reduction in the capacity that you need to have. There should be an appropriate capacity that you can feed into the scheme, and people just need surety so that they can install photovoltaic cells and do the right thing for themselves and also receive the benefit of the appropriate return. With those few words, I fully support the member for MacKillop's bill and hope it has a speedy passage through the house.