

## **ELECTRICITY SUPPLY AMENDMENT (SOLAR BONUS SCHEME) BILL 2009** **Agreement in Principle**

**Mr GREG PIPER** (Lake Macquarie) [10.56 a.m.]: I speak in support of the Electricity Supply Amendment (Solar Bonus Scheme) Bill 2009. The bill is an important step in the transition to the greater use of renewable energy in New South Wales. I spoke on this topic in this House on 18 November 2007 when I supported the proposed 60¢ per kilowatt tariff, and I am pleased that the time for enactment is getting closer. The announcement by the Minister for Climate Change and the Environment that New South Wales would introduce a feed-in tariff for solar photovoltaic systems up to 10 kilowatts was good news for the photovoltaic industry and for people wanting to invest in this form of renewable energy. Installing domestic photovoltaic systems is a significant step that people can take in their personal actions against climate change. There are also proposals for small-scale wind turbines, a technology that has seen some recent significant innovation and which would also benefit by the new premium tariff.

In my speech two years ago I referred to the importance of truly acknowledging the production from domestic photovoltaic systems and paying a premium tariff for the gross production, not just to any surplus fed into the grid. This is an appropriate step to take because it provides encouragement to those who are prepared to invest in the new technology and who want to show leadership on an important global environmental issue. The cost of domestic photovoltaic installations has been prohibitive to all but the most committed: with lengthy pay-back periods on the capital investment there has been little or no financial incentive to make such a considerable investment. The new feed-in tariff is a move that will provide a real incentive for investment in photovoltaic systems, and in so doing will create jobs and further encourage investment in improving the technology.

There is, however, a risk that the seven-year limitation on operation of the scheme will lead to a boom-and-bust cycle that will surely test the industry's capacity firstly to step up production to meet demand and then to achieve economies of scale prior to the end of the scheme. If domestic photovoltaic systems have not become cost competitive within the next seven years, continuing uptake of the new technology could again be stifled. It is important that the review to take place in 2012 considers a stable future for the industry. Let us face it, if investments are not made within the very early days of the scheme there will once again be very little incentive to invest. Who would choose to install a relatively expensive alternative energy system with a view to gaining a gross feed-in tariff when there are only two or fewer years left of the scheme? My guess is: not many people. And the benefit to potential investors will gradually and inexorably decline as the end date approaches.

The Minister in his second reading speech stated that customers with a standard installation can expect to receive more than \$10,000 during the course of the scheme. This simplistic statement is clearly misleading as this outcome could only apply to those who invest from the very start of the scheme—following that there is a diminishing return down to zero at the end of the seven-year period—unless of course changes are made in the ensuing period.

I suggest that any consumer joining the scheme should be provided the same opportunity and therefore at whatever point they join the scheme that customer should be guaranteed seven years of feed-in tariff from that point. The scheme could still be limited for the taking up of new customers to seven years, however this variation would provide equitable and consistent incentives over the life of the Solar Bonus Scheme. I strongly urge the Government to consider this option during or even prior to its review in 2012. That having been said, I am pleased that the Government has taken the step of introducing the new solar bonus, but I continue to support an extended time frame for the premium tariff. I was delighted when the former Minister for the Environment and Climate Change, the Hon. Carmel Tebbutt, first announced this scheme, and I am very pleased that it is now being delivered.