

17th May 2011

The Hon. Michael O'Brien MP
Minister for Energy
Level 17, Grenfell Centre
25 Grenfell Street
ADELAIDE SA 5000



By email to: MinAg@sa.gov.au

Dear Minister

We write in regards to the South Australian Feed-in Tariff scheme, and its potential closure during the latter part of 2011.

ATA is a national, not-for-profit organisation representing consumers in the renewable energy and energy efficiency marketplace. The organisation currently provides service to approximately 6,000 members nationally who are actively engaged with small, medium and large scale renewable energy, energy efficiency and the national electricity market.

Through our role, we have developed expertise in the understanding and design of renewable energy policy mechanisms across the country – particularly feed-in tariffs.

ATA understands well the critical issues related to feed-in tariff design, and in particular the cost impost levied across all electricity consumers and specifically on low income households. ATA believes that feed-in tariff schemes across the country are broadly at a point where they can no longer seek to cost recover from the lowest income earners in our society.

Within that context however, ATA believes that there is significant opportunity for the extension of feed-in tariffs in most states, including in South Australia.

As part of our work, the ATA undertakes modelling on feed-in tariff scheme costs – i.e. the amount that it costs each household, per kilowatt hour (kWh), to support the scheme.

On this basis, we have prepared a revised cost of feed-in tariff model for South Australia. The key features of the model, attached to this submission, are:

- South Australia could install a further 100MW over the next 4 years;
- with a feed-in tariff rate to the solar household of 35c / kWh;
- for only a small additional cost of up to \$8.40 per household per year (onwards from year 4 – prior to year 4 the scheme would cost less than this).

Critically, the model also excludes the 27% of South Australian households currently on electricity concessions from cost recovery. This allows the policy to leverage investment only from those households that can afford to contribute towards additional solar capacity for South Australia.

From our work on feed-in tariff design, we strongly believe that there is the ability for governments to manage the impacts of solar feed-in tariff schemes on those that can least afford it, whilst maintaining a healthy and vibrant solar industry over the next five to ten years, as we approach grid parity for solar PV in Australia.

Should you wish to discuss any aspect of our modelling, please do not hesitate to contact Damien Moyse (03 9631 5417) or Dominic Eales (03 9631 5406) at our office.

Kind regards

A handwritten signature in black ink that reads "I. A. Porter". The signature is written in a cursive, flowing style.

Ian Porter
Chief Executive Officer