



ENERGY WHITE PAPER

SUBMISSION COVER PAGE

Name: Damien Moyse _____

Address: Level 1, 39 Little Collins Street, Melbourne. VIC 3000 _____

Organisation (if any): The Alternative Technology Association _____

Phone number: 03 9631 5417 _____

Email address: Damien@ata.org.au _____

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Submission by
Alternative Technology Association

on the

Energy White Paper

29th May 2009

By Email to: secretariat.ewp@ret.gov.au

For further information or enquiries contact:

Damien Moyse
Energy Policy & Projects Manager
ATA – Alternative Technology Association
(03) 9631 5417
E-mail: Damien.Moyse@ata.org.au

Introduction

The Alternative Technology Association (ATA) welcomes the opportunity to provide comment on the discussion papers outlining the basis of the preparation of an Energy White Paper.

ATA is a not-for-profit organisation established in 1980 to empower our community to develop and share sustainable solutions for the way we live and to promote the uptake of sustainable technologies in order to protect our environment.

The organisation provides service to over 5,000 members nationally, who are actively promoting sustainability in their own homes by using good building design, energy efficiency and renewable energy technologies.

ATA is very grateful for the opportunity to submit on such an important policy process.

Consultative Committee

ATA is alarmed by the constitution of the *Consultative Committee* for the *Energy White Paper*. Despite recent appointments involving community and environmental sector stakeholders, more than half of the current committee continue to represent the fossil fuel industry, whilst there is only one representative from the renewable energy sector and none from the energy efficiency sector.

This is unbalanced and unacceptable with respect to process, given that the most recent appointments have occurred post the development of the strategic directions and discussion papers.

Representatives of the alternative energy sectors, from community organisations and from climate change science should have had significant input into the development of these strategic documents, and in particular the principles from which the Energy White Paper is further developed and consulted upon. In the absence of this occurring, the outcomes from the White Paper are unlikely to achieve broad support across industry and the community.

Community Engagement in Energy

As a national representative of householders and communities seeking to live more sustainably, ATA is intensely aware of the growing desire of individuals, families and communities to engage with the energy sector in order to make a positive contribution to the challenge of climate change.

This growing community desire for action on climate change can be evidenced in a number of ways:

Substantial increase in recent GreenPower sales:

Investment in GreenPower by householders and businesses grew markedly over the past three years¹, with 50% annual growth achieved in both 2005/06 and 2006/07. In 2007/08, GreenPower sales grew by 86%. At an average uptake rate of the past three years (i.e. 62%), GreenPower would represent almost 30% of all renewable energy sales by the end of 2012 (an additional 6,500 GWh of renewable energy investment).

This is significant additional investment to the renewable energy industry (beyond mandatory requirements) that is being undertaken voluntarily by householders and businesses and at their own additional expense.

Substantial increase in Solar PV Investment:

Investment in small scale solar PV has also risen dramatically over the past three years², in response to strong Government subsidies. In 2005 and 2006, solar PV investment through the Federal Government's *Solar Homes & Communities Plan* grew by 30% and 17% respectively, and by over 150% annually in both 2007 and 2008.

This meteoric rise in investment has led to a significant number of individuals, community groups, Local Councils and industry suppliers working together to find more creative ways of satisfying this demand for increased solar electricity generation. Indeed, numerous 'bulk purchasing' groups are being established right across the country and over the past 12 – 18 months this has led to the industry achieving a reduction in installed costs by up to 30%.

Whilst the policy landscape is changing with respect to Solar PV, its enhanced eligibility through the expanded Renewable Energy Target, and the introduction of state-based feed-in tariffs, means that this rapidly growing interest in small scale renewables is highly likely to continue.

Energy Efficiency & Education

As a result of stronger Government policies in the area of energy efficiency (particularly through insulation, lighting and solar hot water incentives), ATA is experiencing a somewhat overwhelming demand for information and education relating to technology and opportunities for community participation in this area.

In 2009, ATA has already facilitated and / or participated in well over 40 formal workshops, community events and seminars relating to household and community energy sustainability. The number of additional community requests that ATA have not been able to resource would at least match this amount, and this is set to grow given the Federal Government's commitment to the new *Green Loans* program. Indeed, ATA are currently considering a national model for community education in the area of household energy sustainability.

¹ National GreenPower Accreditation Program (1999 – 2008) Quarterly Status Reports. NSW Department of Water and Energy. [Available online at: <http://www.greenpower.gov.au/our-audits-and-reports.aspx>]

² Department of Environment, Water, Heritage and the Arts (2008) *Watts by Month Jan-09*. [Available online at: <http://www.environment.gov.au/settlements/renewable/pv/index.html#statistics>]

Threats to Community Engagement

Taken collectively, the examples above demonstrate the significant and increasing community desire for active participation in the challenge of climate change through the energy sector. This is a crucial time whereby voluntary community engagement has the potential to significantly assist with the achievement of carbon abatement and energy efficiency goals.

However, the current Federal Government's approach to community engagement in the energy sector, in a number of policy areas, has the potential to significantly undermine this potential, and risks alienating individuals and communities that are already seeking to make a material difference on the issue of climate change. This is already building a degree of cynicism across the Australian community that will only serve to be enhanced by current policy settings.

The key policy areas containing these risks are:

Voluntary Action and the CPRS

The Federal Government's recent announcements regarding the inclusion of *GreenPower* within the scheme trajectories of the Carbon Pollution Reduction Scheme (CPRS) do little to alleviate the fundamental issue of *GreenPower* consumers.

Households, businesses and communities purchase *GreenPower* in order to achieve an environmental benefit (i.e. emissions reduction). The recent incorporation of *GreenPower* purchases above a 2009 baseline into the CPRS means that the **877,000 households and 34,000 businesses who currently purchase *GreenPower* will still not be able to achieve any emissions reduction, despite paying more for the misleading perception that they are.**

ATA surveyed 775 of its members in early 2009 on this issue³ and found that over 40% of respondents who already purchased *GreenPower* would either definitely or probably cease doing so if it did not make a material difference to Australia's overall emissions. A further 49% of those who were considering purchasing *GreenPower* stated that they would not do so should their efforts not make a difference.

Translated across the community, this has the potential to significantly undermine investment in the *GreenPower* program, reduce *GreenPower* purchases below the 2009 baseline (so that even new customers beyond 2009 would not achieve an environmental benefit) and lose significant investment in voluntary carbon abatement that would make the transition to a low carbon economy comparatively more difficult and more expensive.

Householders and communities investing in small scale renewable electricity generation such as Solar PV face the same fundamental problem and will be disempowered by the CPRS on its current design.

³ ATA (2009) *GreenPower Motivation Survey*. Unpublished, ATA Melbourne

Solar Credits and the expanded RET

The *Solar Credits* scheme as currently proposed in the expanded Renewable Energy Target (RET) provides a disincentive to future investors in Solar PV.

There can be little doubt that the main motivation of most people installing small-scale renewable energy generators is to increase the quantity of renewable energy installed in Australia for the environmental benefits that it brings. A 2007 survey by the ATA of over 1300 individuals' motivations for installing solar PV systems found that 78% cited the desire to have a positive impact on the environment⁴.

By introducing a 'multiplier' for the RECs available to Solar PV investors, the Solar Credits scheme completely negates this 'positive impact' and actually reduces the amount of renewable energy installed in Australia, in line with annual targets.

Data from the Office of the Renewable Energy Regulator (ORER)⁵⁶ highlights that should the solar multiplier have been in place in 2008, up to 15% of the RECs created in that year would have been fake (i.e. not represent actual renewable generation).

Given continued strong uptake in solar PV investment around the country, this has the potential to significantly distort the annual targets achieved under the RET from now until mid 2015. It also has the potential to build significant cynicism across the community with respect to small scale renewable energy technologies and the Government's commitment to the renewable energy industry.

CPRS Carbon Trust

Whilst ATA is very supportive of a mechanism that allows the community to engage with and influence the Carbon Pollution Reduction Scheme, it is a very blunt and somewhat mundane tool from an individual or householder's perspective.

Community engagement will be of increasing importance in responding to the ever stringent targets and challenges presented by climate change, and the types of mechanisms available in the energy sector through GreenPower, small scale renewable investment and carbon-offsetting need to be supported and made meaningful in this regard.

Community engagement is critical given the current deficiencies of the proposed CPRS in relation to domestic emissions reduction. Indeed as highlighted by Treasury modeling, the proposed CPRS does not envisage a reduction in emissions from energy supply in Australia prior to 2020.

⁴ ATA (2007) *The Solar Experience - PV System Owners' Survey* [Available online at: <http://www.ata.org.au/projects-and-advocacy/solar-system-owners-survey>]

⁵ Figures obtained via a search of the *Register of Renewable Energy Certificates* [Online at: <https://www.recregistry.gov.au/getSearchPublicRecHoldings.shtml>]

⁶ The ORER defines a solar SGU as any system up to 100 kW in size whilst a wind SGU is defined as up to 10 kW in size. However, given the substantial investment in small scale solar PV in 2008 driven by the \$8,000 means tested federal rebate, it is reasonable to assume that a significant proportion of the SGU RECs created in 2008 would have been from small scale solar PV systems.

Exacerbating this deficiency is the fact that the majority of reductions achieved by emissions trading systems to date have been via the Clean Development Mechanism (CDM).

The CDM has posed considerable difficulties with respect to ‘additionality’ – that is demonstrating that CDM projects invested in to acquire CDM credits for compliance with domestic emissions trading systems actually achieve additional emission reductions compared with business as usual⁷.

As an example, almost all new gas and hydro plants constructed in China are claiming emission credits, despite much of this investment being driven by issues relating to energy demand, air pollution and the economics of generation (i.e. not carbon costs).

For the CPRS to achieve integrity in the longer term, it is essential that Australia undertake measurable emissions cuts domestically. Community engagement will be critical to achieving this.

Feed-in Tariffs

Feed-in tariffs are being introduced across the country at a state level. ATA is supportive of feed-in tariffs being utilised to provide additional support for small scale renewable energy investment. In the context of the *Energy White Paper* however, there are a number of strategic issues relating to feed-in tariffs that need to be taken into account:

- The eventual need for a nationally consistent feed-in tariff policy.

With a number of industry participants operating across jurisdictions in the areas of micro-generation retailing, electricity retailing, electricity distribution, solar installation and maintenance, a consistent, efficient approach should ultimately be adopted nationally.

With continued reform of the National Electricity Market, particularly in the areas of metering, network planning and management, and retail competition, a coherent and consistent national feed-in tariff policy will be required in order to align policy objectives across these areas.

- The value of small scale renewable energy in building community acceptance of, and momentum in, responding to climate change.

Generally undervalued through pure cost-benefit models, the value of visible technology responses to climate change at a community level should not be underestimated. Indeed, this is something that the NSW Government recently recognised in their policy objectives for the proposed NSW feed-in tariff:

“Expand the visibility of renewable energy technologies to help motivate the whole community in responding to climate change.”

⁷ Michael W. Wara, M.W. Victor, D.G., 2008. *A Realistic Policy on International Carbon Offsets. Working Paper #74*. [Online at: http://iis-db.stanford.edu/pubs/22157/WP74_final_final.pdf]

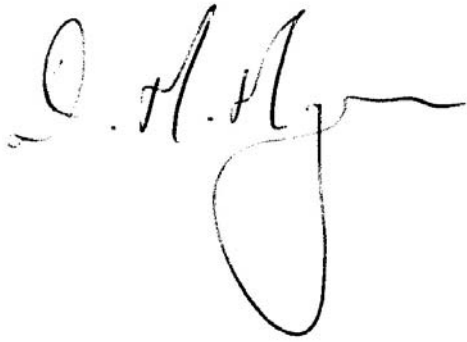
The Energy White Paper presents a fantastic opportunity to assess very carefully the way in which current and future Government policy engages or disempowers communities from achieving material outcomes in their desire to respond to climate change through the energy sector.

ATA looks forward to the development of this paper and for continued involvement in the process.

Further Contact

Feel free to contact us should you have any questions regarding the content of this submission. I am available directly on (03) 9631 5417 or via email at: damien@ata.org.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. H. Moyse', with a large, stylized flourish at the end.

Damien Moyse
Energy Projects and Policy Manager