



Submission by
Alternative Technology Association
on the
REC Multiplier Consultation Paper

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By Email to: greenpower@dwe.nsw.gov.au

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Introduction

The Alternative Technology Association (ATA) welcomes the opportunity to provide comment on the *REC Multiplier Consultation Paper*, as prepared for the *GreenPower* program.

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, who are actively promoting sustainability in their own homes by using good building design, energy efficiency and renewable energy technologies.

As a representative of both micro-generators and GreenPower purchasers in the National Electricity Market (NEM), ATA is in a unique position to highlight the interests and concerns of this growing segment of our community.

The Solar Credits Scheme

ATA has been a significant critic of the Federal Government's proposed *Solar Credits Scheme*, as currently proposed under the expanded *Renewable Energy Target* (RET). From the perspective of a householder or small scale renewable energy investor, the *Solar Multiplier* compromises the interests of these market participants, making it extremely difficult to achieve their primary aims.

Motivations of Solar PV & GreenPower Investors

There can be little doubt that the main motivation of most people installing small scale renewable energy generators and investing in GreenPower 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 1,300 individuals' motivations for installing solar PV SGUs found that 78% cited the desire to have a positive impact on the environment¹.

The *Solar Multiplier* negates this 'positive impact' by actually reducing the amount of newly installed renewable energy compared with annual targets under the expanded RET. Had the *Solar Multiplier* been in existence in 2008, the share of RECs generated from SGUs could have accounted for more than 19% of the total REC pool, resulting in 15.5% of all RECs created (i.e. up to 1.48 million RECs out of a total of 9.5 million) not representing actual renewable generation²³.

¹ ATA (2007) *The Solar Experience - PV System Owners' Survey* [Available online at: <http://www.ata.org.au/projects-and-advocacy/solar-system-owners-survey>]

² Figures obtained via a search of the *Register of Renewable Energy Certificates* [Online at: <https://www.recregistry.gov.au/getSearchPublicRecHoldings.shtml>]

This 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.

ATA also surveyed 775 consumers of GreenPower⁴ in January 2009 in relation to their motivations behind purchasing this product. 54% of respondents indicated that their primary motivation in purchasing GreenPower was to increase the amount of renewable energy installed in Australia. A further 39% stated that their primary aim was to reduce carbon emissions.

The *Solar Credits Scheme* (and indeed the current design of the Federal Government's *Carbon Pollution Reduction Scheme*) threatens the rapidly expanding investment in both solar PV and GreenPower by not maintaining integrity in the value of the Renewable Energy Certificates (RECs) traded between these initiatives.

REC Multiplier Options for GreenPower

As a result of the research undertaken above, ATA does not support the *Solar Credits Scheme* in its current form. Indeed, in our submission to the Department of Climate Change in February 2009, we called for changes to the exposure draft legislation for the Solar Credits Scheme by ensuring that additional annual RET targets are required of electricity retailers and large electricity consumers to avoid the loss of additional renewable electricity generation to what will essentially be 'phantom' RECs.

Whilst we recognise that the GreenPower program cannot alter this fundamental flaw with the RET, it can maintain the integrity of the RECs purchased by GreenPower consumers. It would appear that Options 2, 3 and 4 satisfy this objective, however with differing implications.

A significant objective for some ATA members operating solar PV is to have their renewable energy generated additional to mandated Government targets. On this basis, ATA would not support the total exclusion of SGU RECs from GreenPower.

Overall however, ATA understands that very few RECs from solar PV investors are actually traded through the GreenPower program – likely due to the cost and timing of becoming an accredited GreenPower generator.

³ 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.

⁴ ATA (2009) *ATA Member GreenPower Motivation Survey*. ATA, Melbourne.

Whilst both Options 3 and 4 allow for SGU RECs to be traded through GreenPower, Option 3 appears administratively complex, and would place additional 'phantom' RECs back into the mandatory RET pool (as compared with Option 4). There may also be complexities under Option 3 verifying the integrity of the fifth REC traded through GreenPower.

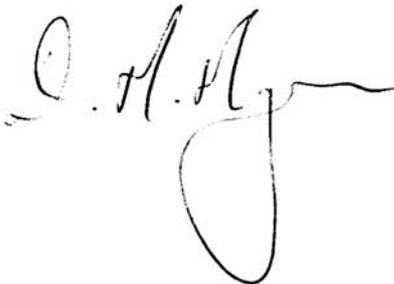
On this basis, ATA would support **Option 4 (True MWh Value)**.

Option 4 will provide the ability for ATA to express confidence in the GreenPower program to its members and interested consumers. The residual distortion of the RET would then remain an issue that ATA would then be able to continue to advocate and advise its members on separately.

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,



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