

Agreement in Principle

Ms LYLEA McMAHON (Shellharbour—Parliamentary Secretary) [10.05 a.m.], on behalf of Mr David Campbell: I move:

That this bill be now agreed to in principle.

The Electricity Supply Amendment (Solar Bonus Scheme) Bill 2009 amends the Electricity Supply Act to establish a solar bonus scheme for New South Wales, broadening our commitment to creating viable renewable energy alternatives and investment in green skills and green jobs. In creating a solar bonus scheme the New South Wales Government has three objectives: it seeks to encourage and support those who want to generate renewable energy as a response to climate change; it seeks to develop jobs in the renewable energy sector by assisting renewable energy generation to compete with non-renewable energy generation; and it seeks to increase public exposure to renewable energy technology to encourage the whole community to respond to climate change. These objectives are clearly set out in the bill to establish the solar bonus scheme.

The New South Wales Government has long been a leader in promoting the uptake of renewable and sustainable energy practices. We have the best mix of sustainable energy, consumer protection and competitive energy market policies. The solar bonus scheme places New South Wales in a prime position to make a meaningful and significant contribution to our clean energy future and the expanded national renewable energy target. The solar bonus scheme will operate with a gross tariff. A gross tariff pays consumers for all the electricity they generate and feed in to the electricity grid. The scheme will be concentrated over seven years, giving customers greater certainty about scheme payments. Until now the Australian Capital Territory has been the only Australian jurisdiction offering a gross scheme.

Our scheme has the most generous feed-in tariff rate in Australia, making New South Wales a great place to invest in renewable energy and boosting green jobs at home. The scheme will pay a flat rate of 60¢ per kilowatt hour for all electricity fed back into the electricity grid from eligible solar photovoltaic [PV] systems up to 10 kilowatts in size. This is around three to four times the average price of electricity in New South Wales. I am delighted to advise that the scheme will also include micro-wind turbines up to 10 kilowatts in size. Including wind technology provides greater options for people thinking of installing renewable energy technology, particularly in rural areas. Our gross tariff scheme provides the right mix of incentives for people considering installing solar panels or wind turbines, and gives them an assurance on the rate of return on their investment.

The solar bonus scheme has been designed to complement the Australian Government's solar credits scheme that multiplies the number of renewable energy certificates that can be created for small-scale renewable energy generators and provides a discount on the purchase price of these systems. Overseas trends are quite conclusive on the benefits of a gross-tariff model. In Germany, when its scheme moved to a gross-tariff design, it is understood that the amount of electricity generated from renewable energy sources doubled, allowing Germany to increase its renewable energy targets. In September this year an Access Economics report, commissioned by the Victorian Electrical Trades Union, found that a national gross feed-in tariff could create over 22,000 jobs nationally in the next 10 years.

Industry participants in New South Wales already have indicated their intention to dramatically expand their operations as a result of this bill. The gross scheme will give households and businesses planning to invest in solar photovoltaic or micro-wind systems the benefit of being able to better plan for and understand what return they will get on their significant investment. We expect the scheme will reward participants with a standard solar panel system of 1.5 kilowatts with around \$1,500 annually. Customers with a standard installation can expect to receive more than \$10,000 during the course of the scheme. The scheme will be concentrated over 7 years. A 20-year scheme in today's rapidly changing environment is too long. It creates too many uncertainties for customers, places an unreasonable cost burden on electricity customers who will fund the costs of a longer scheme and it is unnecessary given that the price of renewable energy technology is widely anticipated to drop in time. Small retail customers including households, small businesses, community organisations and schools which use less than 160 megawatt hours per year will be eligible to participate in the scheme.

Under the bill, the tariff rate will be fixed at 60¢ per kilowatt hour for the term of the scheme. This reduces complexity for retailers and distributors administering the scheme, thereby keeping costs down for all energy consumers. In order to recognise the efforts of customers who have already chosen to install photovoltaic systems and connect these to the grid, existing photovoltaic systems that meet the scheme requirements will also be eligible to participate in the scheme from its commencement on 1 January 2010. Transition arrangements will be in place for those customers who have installed net metering. This will be welcome news for the early adopters of renewable energy technology with over 8,000 customers in New South Wales already feeding electricity into the grid from their own solar photovoltaic systems. The financial benefit to these customers will significantly increase over the seven-year life of the solar bonus scheme.

The bill sets reporting obligations on electricity distributors to ensure the scheme is stringently monitored. Two reports will be provided each year setting out the number of participants in the scheme, their location, generating capacity and the amount of electricity supplied to the network. The bill sets a review of the scheme in 2012 or when scheme capacity reaches 50 megawatts, whichever occurs first. The solar bonus scheme will be reviewed against its objectives. It is intended that the review will only impact on new entrants to the scheme. This will provide certainty to people who participate in the scheme prior to the review. Customers who are eligible to participate in the scheme have the right to be connected to the electricity network and this is provided for under the bill.

Clause 15A of the bill provides that distribution network service providers are to authorise the connection of eligible generators to their network, provided the generator complies with specified technical, metering and safety requirements. The bill places an initial liability on distribution network service providers to pay for the scheme. They will recover these costs from their broader customer base. Distribution network service providers are to record a credit against network charges payable by small retail customers for all electricity produced by a complying or eligible generator. Retail suppliers, which are responsible for billing customers, are to reduce the amount payable by the customers by an amount representing the amount of the credit. Subject to the regulations, cash payments may also be made.

The obligations on distribution network service providers and retail suppliers to implement the solar bonus scheme will be enforced through licence conditions. To ensure that the introduction of the scheme is as streamlined as possible for both consumers and businesses, the design of the solar bonus scheme was developed following a rigorous consultation process. The process included a dialogue with the community and industry, including the appointment of a taskforce that considered public submissions, investigated a range of options and their impact on consumers, and prepared a detailed public report. This was followed by a detailed eligibility review and public submission process, which has led to the inclusion of small-scale wind turbines in the scheme. The Government has worked to ensure that any changes to existing operations of businesses are minimised. This keeps costs down for all energy customers. The Solar Bonus Scheme is a demonstration of our commitment to supporting renewable energy. The scheme will include a review by the Auditor General on or after 1 July 2011. I commend the bill to the House.