

# **SUBMISSION TO THE QUEENSLAND PRODUCTIVITY COMMISSION**

## **SOLAR FEED-IN PRICING ENQUIRY**

### **Introduction**

Thank you for the opportunity to make this submission and for coming to Rockhampton to speak to us. Having spent years doing community consultations myself as part of the small team that who developed Queensland's first environmental legislation, I believe an evening meeting would have had a much better turnout of community members. It's only relevant industry administrators, public servants and the unemployed who can turn up during the day. When you come back with your draft paper, I respectfully suggest you arrange your schedule to have an evening meeting and advertise more widely, using social media as well as print.

I make this submission as an owner of a solar system linked to the grid, one fortunate to have installed my system when the feed-in tariff was 44c/kWh, although the price of converters and panels was much higher then (swings and roundabouts). Consequently, I will not be much affected by any recommendations the QPC makes or the State Government implements but I give my feedback on behalf of many other owners who don't have my gift of the gab.

### **Reasons why Queenslanders installed solar power systems**

Immediately prior to installing our solar system, my husband and I had both unexpectedly become unemployed, post-GFC. We made the decision to use his redundancy payout on a solar power system, both to do our bit to reduce our CO<sub>2</sub> emissions and to hedge against future price rises. It was an investment in our future, which we knew was likely to be low income, due to the difficulty of finding new jobs in our fifties and in a country town with higher than average unemployment. This has proven to be the case.

Over the last four years, we have gone from having a large credit on our Ergon bill at the end of each quarter to barely breaking even and sometimes having to pay bills again. This is primarily because of the added fees and charges but also because of price rises. I can only imagine how much stress this has caused to other people also on fixed low incomes who receive a much smaller feed-in amount with no certainty about keeping even that low level of remuneration.

We need a fair feed-in tariff and some assurance about costs into the future. Many people went into debt to pay for their systems. I believe the government has a responsibility to continue to support those who were encouraged into the solar market as a direct result of their policies.

I would like to point out that the vast majority of people with solar systems are still paying power bills (ie are consumers) and they are included in the \$89 extra a year. They also pay all the extra daily and service charges that those without solar pay.

### **Lack of information with which to judge what is fair and equitable**

There is one important aspect of the fairness and equity issue I don't think anyone has considered. The legend out there in the press and no doubt in government is that those who have installed solar systems are wealthy or at least middle income. I believe this is incorrect but nobody actually knows. When considering what is a "fair" feed in tariff and evaluating pricing mechanisms, you cannot do this properly without first having undertaken a study of the demographics of solar system ownership.

I have a strong suspicion such a study would reveal that a significant proportion of those who invested in solar systems are on low incomes, either in the expensive years of establishing families (low disposable income) or retirees. That has certainly been my experience of those who have solar systems in the Capricornia region. I joined a group of around 400 people to bulk-buy panels, so this opinion is based on more than mere anecdote from my personal circle. The relatively wealthy don't have to worry about power bills and only those who have strong 'green' values have bothered to install solar systems.

I therefore urge you to undertake a study of the demographics of solar ownership covering parameters such as age, income, number of persons in a household and location, so that when you are considering the issue of those without solar subsidising those with solar, you will understand that those on low incomes and therefore 'vulnerable' are common in both categories.

### **Impact on government capital investment as a result of private investment**

Further, it seems everyone is forgetting the capital investment made privately in solar has reduced the need for governments to make further capital investment in coal-generated electricity. This may not be a plus in the light of the amount already (over?) invested in transmission capacity but you need to look beyond the next election cycle.

If the government makes it uneconomic to send power back to the grid, as the technology for storage rapidly improves and the price of systems continues to fall, the power generators/retailers will find more and more customers going off grid altogether, not just the radical 'greenies' or those in the bush. Think what that will do for the bottom line.

### **Role of government in the electricity market**

Write me off as old 'leftie' if you will, but I don't think government enterprises should be making a profit. You don't have to be a radical socialist or even a Keynesian to agree that it is the role of democratic representative government to become involved in supply of utilities when the market fails. There is no electricity market in regional areas. That's a pretty big failure, especially in a commodity that is an essential utility. Going solar is our only way of managing our power costs or having any choices in a monopoly electricity market.

The only valid reason for a government to wring profits in such circumstances is to subsidise the disadvantaged. And let me tell you, after eighteen years in central Queensland, I know virtually everyone here is disadvantaged, relative to those in Brisbane in similar circumstances: lower education levels, fewer opportunities, poor or non-existent specialist health care, high unemployment levels, laughable telecommunications. (I'm lucky if I can get 4Mbps download and my television has to come via satellite from Alice Springs, and we're only 35kms from the major regional service centre, not in Timbuktoo.) I could go on but will spare you any more tedious details. You get the picture.

### **Urban areas subsidising regional?**

That last comment no doubt leads to the discussion of whether SEQ should subsidise regional areas. My response is a resounding "YES" and not only for the reasons noted above. We supply your food, fibre and fuel. Without us, the whole of the nation would be completely subject to the whims of volatile international markets and diplomatic manoeuvrings for its daily needs - ever the price-taker and never the price-maker, able to be manipulated and bullied by bigger nations that don't share our values.

I agree with the QCA findings three years ago that "Regulated minimum retailer funded feed-in tariffs should be established for regional customers, depending on customer location." Which leads me to wonder why are we doing all this research again with another expensive agency and yet another enquiry, while quibbling over an additional \$89 a year on our bills. It's no wonder the public has become cynical and disinterested in participating in democratic processes.

### **Climate Change and the real cost of CO2 emissions**

Then there is the second-most important issue after social justice - environmental impact. Those with solar systems have reduced their impact on the environment and those of others who use their exported electricity. Carbon pollution should but does not yet have a monetary value but that will come, when Australia is dragged kicking and screaming into the twenty-first century to join other OECD economies. This is the big one. Climate change is already upon us and it's going to cost more and more. No intelligent or responsible government should do anything to discourage changing the balance from fossil to renewable energy.

While you are doing the sums about whether moving jobs from mining coal to solar installation cancels out any net benefit, don't forget the bigger picture of the costs of adjusting to climate change. Having just been through Cyclone Marcia, I am intensely aware of the social and economic costs of having cyclones of this unusually high intensity occurring more often and coming further down the Queensland coast, to say nothing of the increased risk of devastating bush fires because of the amount of fallen timber still lying everywhere but the 'burbs. On top of this, windier fire seasons are also inevitable as the atmosphere heats up, increasing the intensity, range and decreasing the manageability of wild fires. I was an environmental scientist and keep up to date on climate research, so this is fact, not loony scare-mongering.

### **Conclusion**

I suppose what I'm really asking - begging - the Government to do is to look at the big picture, not just the bean-counting, not just the technical issues, but the wider view of what sort of society we want. This issue of solar feed-in tariffs is one small part of that picture. Do we pander to cashed-up minorities? Do we leap from policy stance to policy stance on the strength of opinion polls and duopoly-media campaigns? Do we sacrifice our values to the free market and the big industrialists that control it? Do we ignore the environmental and economic impacts of continuing to rely on fossil fuels?

It is not the Commission's role to make these decisions, but please give the Government all the information it needs to do so in both enquiries you are currently conducting into electricity pricing.