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Energy & Earth Resources Policy Division
Department of Primary Industries

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Comment on VRET Transition to Expanded MRET

The Alternative Technology Association (ATA) welcomes the opportunity to provide comment on the transition from VRET to an expanded MRET, and welcomes the Victorian Government's work on VRET to date.

ATA is a not-for-profit organisation established in 1980 to promote the uptake of sustainable technologies in order to protect our environment. The organisation provides service to over 3000 members, who are actively promoting sustainability in their own homes by using good building design and implementing water conservation and renewable energy technologies. ATA advocates in both the government and industry arena for ease of access and continual improvement of these technologies, as well as the production and promotion of information and products needed to change the way we live.

Renewable Energy Incentives

As mentioned, ATA welcomes the Victorian Government's commitment to introducing an incentive for renewable energy in the form of a '10% by 2016' renewable energy target. Such a scheme will encourage increased investment in large-scale renewable energy, reducing greenhouse gas emissions and decreasing the emission intensity of the State's electricity supply.

However, it should also be acknowledged that such a scheme will predominantly benefit the large-scale generation sector, with little or no increased adoption on smaller-scale and / or distributed forms of renewable electricity generation. Given the enormity of the pending environmental, social and economic impact of climate change, as highlighted in the recently-released 4th Assessment Report (AR4) Synthesis Report by the IPCC, it is clear that a broad range of measures must be adopted to have the greatest possible impact on reducing the nation's greenhouse gas footprint.

One method frequently suggested for increasing the share of small-scale generation and technologies with higher up-front costs is to introduce a 'portfolio' approach, whereby quotas are set for different generation technologies. By doing so, such schemes go some way to recognising the additional benefits from smaller and distributed forms of generation, such as the avoided need for expanding the electricity network by generating electricity close to the point of consumption; increased supply diversity and reduced wholesale electricity price with distributed generation forms such as solar PV corresponding closely to peak demand.

However, it seems unlikely that an increased federal MRET scheme would include a quota system, instead simply adopting an increased target into the existing scheme, and as such we would not recommend the adoption of a portfolio approach in the VRET scheme. Instead, ATA calls for the adoption of additional measures to provide an adequate incentive for the uptake of small-scale and distributed forms of electricity generation.

Additional Measures

ATA acknowledges the Victorian Government's commitment to introducing feed-in tariffs for small renewable energy systems, as announced as a policy commitment in the lead up to last year's State election, and welcomes the introduction of legislation for Stage One of a two-stage process towards mandated feed-in tariff.

Feed-in tariffs have proven to be a successful incentive mechanism for renewable energy in over 40 countries and jurisdictions internationally, resulting in the wide-spread adoption of renewable energy at a range of scales. This has been achieved by adopting differing tariff rates for different sized and forms of renewable technologies. By structuring a feed-in tariff regime with a range of tariffs, the scheme will lead to increased diversity of generation as well as enhanced adoption of distributed generation – all things which would not otherwise arise under a mandatory target scheme.

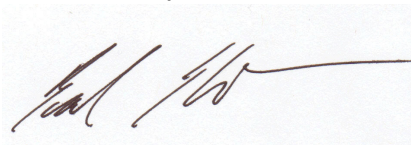
Feed-in tariffs have the potential to complement both VRET and MRET, and would not be impacted by any transition between the schemes. As such, ATA calls for the adoption of a broad feed-in tariff scheme in Victoria, covering the domestic, small business and commercial sector, with varying rates for differing sized installations and technologies. Such a scheme, in parallel with VRET, would increase the adoption of renewable energy across the board, building a local industry in renewable energy technology manufacture and installation, creating jobs, and provide the economies of scale necessary to bring down the costs of the technologies in the future.

The two measures – renewable energy targets and feed-in tariffs – will operate successfully side by side, and as such feed-in tariffs should be considered when examining and reviewing any incentive mechanisms for renewable energy.

Further Contact

ATA commends the Victorian Government for both the introduction of VRET and the commitment to introduce feed-in tariffs for small-scale renewable energy. We would welcome the opportunity to discuss any aspect of this submission. Please direct any questions or further correspondence to Brad Shone, Energy Policy Manager, on 9631 5406 or Brad.Shone@ata.org.au

Yours sincerely,



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ATA