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# Solar Feed-in Tariff in Australia

## 10 Reasons Why

Briefly, this policy can:

- deliver over 3,200 MW of clean peaking electricity generation capacity
- immediately attract private investment
- develop a high-tech industry with enormous export potential
- create 9,000 jobs across Australia
- save 4 million tons of CO<sub>2</sub> each year.

The Solar Feed-in Tariff provides an incentive for consumers to own grid-connected solar PV systems. The Feed-in Tariff is paid on each unit of the clean electricity generated by the consumers' solar PV system. It is set at a higher level than current electricity tariffs to account for all benefits of solar electricity not recognized in today's market. The Feed-in Tariff is reduced every year and is funded through a marginal levy on retail electricity bills, exempting the energy intensive industry.

### 1. DELIVERS 1,500MW OF CLEAN PEAKING CAPACITY

Solar PV generates clean electricity when and where it is needed most, matching typical summer demand and high NEM prices. By guaranteeing a revenue stream to solar PV investors, the installed capacity of solar PV in Australia can grow to 300 MW within five years and over 3,200 MW by 2021 reducing the need for costly peak electricity infrastructure and supplying electricity to over 750,000 Australian households.

### 2. ATTRACTS PRIVATE INVESTMENT TO AUSTRALIA

The rules of a *Solar Feed-in Tariff* permit long term financial planning, create new, local investment opportunities and provide security for institutional investors. This has the potential to attract significant investment from overseas for a high-tech-industry in Australia.

### 3. ENSURES AN UNSUPPORTED, GLOBALLY COMPETITIVE INDUSTRY BY 2021

The proposed support level falls by 5% per annum, ensuring rapid reduction in the installed cost of solar PV. Economies of scale will be passed on to the consumer. The mechanism of the *Solar Feed-in Tariff* could also be applied to other renewable energy sources, with differentiated tariffs for each renewable energy technology.

### 4. REDUCES ENVIRONMENTAL FOOTPRINT AND CO<sub>2</sub> EMISSIONS

The *Solar Feed-in Tariff* will prevent the emission of 4 million tons of CO<sub>2</sub> per annum by 2021. In addition, it will improve air quality by reducing local pollutants.

### 5. COSTS LESS THAN A CUP OF COFFEE

The *Solar Feed-in Tariff* would be funded by an average increase in electricity costs of **less than 1%**; equivalent to a cup of coffee per year for a typical resident.

## 6. DOES NOT AFFECT ENERGY INTENSIVE INDUSTRIES

The *Solar Feed-in Tariff* is by design competitively neutral to electricity retailers and the NEM. The energy intensive industry will be exempted from the *Solar Feed-in Tariff*, ensuring endorsement from key sectors of the Australian economy - as successfully implemented in Germany.

## 7. ENSURES ENERGY SECURITY AND PRICE STABILITY

The Solar Feed-in Tariff enhances electricity supply security and price stability against summer peaks by diversifying the energy portfolio - to the benefit of the economy.

## 8. UTILISES LEADING LOCAL RESEARCH TO ACHIEVE WORLD CLASS MANUFACTURING

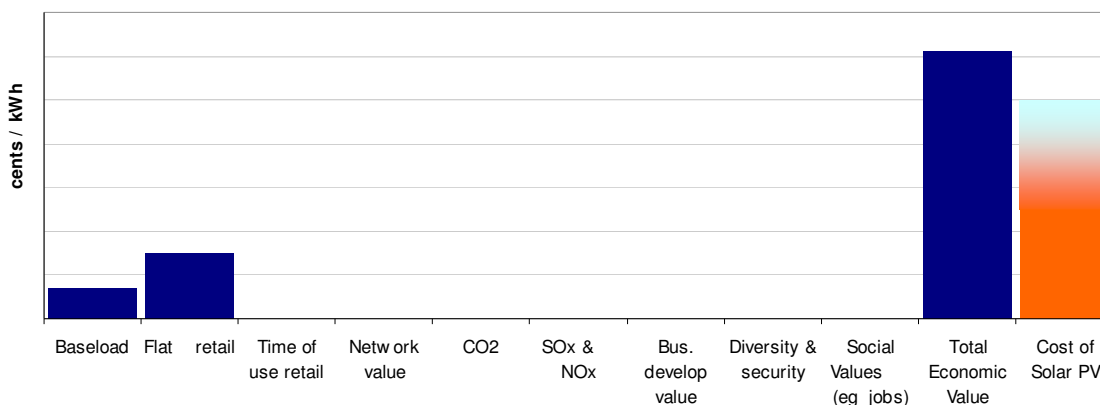
World-leading research facilities in Australia, e.g. UNSW, developed the technologies which form the basis of today's \$14 billion global solar PV industry. The *Solar Feed-in Tariff* will allow the Nation to benefit from the commercialisation of locally developed technologies by enabling a strong domestic industry, creating over 9,000 new jobs.

## 9. SUCCESSFUL WORLDWIDE APPLICATION OF THIS POLICY

The *Solar Feed-in Tariff* is based on the 'feed-in tariff' laws which are now the dominant support mechanism for renewable energy deployment worldwide. Some 37 countries, states and provinces have now enacted feed-in laws. Driven by those mechanisms, the global market is expanding fast (70% in 2005) and expected to grow to over \$40 billion by 2010.

## 10. CREATES A NET ECONOMIC BENEFIT TO AUSTRALIA

To adequately compare solar electricity with other generation technologies, several additional value components have to be taken into account. Solar PV eliminates the complex supply chain and geographic distance between electricity generation and consumption. It spreads economic benefits such as technology investment, jobs and environmental effects into communities across the nation. These and other additional values as shown in the graph below are captured in the Solar Feed-in Tariff.



**The net present value of a *Solar Feed-in Tariff* to the national economy is estimated to be positive.**

A *Solar Feed-in Tariff* in Australia would deliver clean peak generation capacity, economic expansion, job creation in high-tech industry, low-cost energy diversification, and the potential to access the rapidly expanding \$14 billion solar PV export market.