

# A proper solar feed-in tariff in Victoria - 10 Reasons Why

The Victorian State Government recently introduced a [net metered feed-in tariff](#). While a start, the initiative is not likely to create a massive uptake of [domestic solar systems](#) for Victorian roofs. A gross metered feed-in tariff would be needed to achieve the outcome of [more solar powered homes](#).

Briefly, a [gross metered feed-in tariff](#) can:

- deliver over 500 MW of clean peaking electricity generation capacity
- immediately attract private investment
- develop a high-tech solar industry with enormous export potential
- create 2,600 jobs across Victoria
- save over 750,000 tons of CO<sub>2</sub> each year.

The [gross metered solar feed-in tariff](#) provides an incentive for consumers to own [grid-connected solar PV systems](#). The premium 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 premium is reduced every year and is funded through a marginal levy on retail electricity bills, exempting the energy intensive industry.

## 1. DELIVERS OVER 500 MW OF CLEAN PEAKING CAPACITY BY 2017

[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 power investors](#), the installed capacity of solar PV in Australia can grow to 100 MW within five years and over 500 MW by 2017, reducing the need for costly peak electricity infrastructure. Over four per cent of total generation capacity can be met by solar PV, helping Victoria achieve it's renewable energy target.

## 2. ATTRACTS PRIVATE INVESTMENT TO VICTORIA

The rules of a gross metered 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 interstate and overseas for a high-tech-industry in Victoria.

## 3. ENSURES AN UNSUPPORTED, GLOBALLY COMPETITIVE INDUSTRY

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 will prevent the emission of over 750,000 tons of CO<sub>2</sub> per annum by 2017. In addition, it will improve Victorian air quality by reducing local pollutants.

## 5. COSTS LESS THAN A CUP OF COFFEE

The gross metered 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 gross metered solar feed-in tariff is by design competitively neutral to electricity retailers and the NEM. Victorian energy intensive industry will be exempted from the solar feed-in tariff charges, ensuring endorsement from key sectors of the Victorian economy - as successfully implemented in Germany.

## 7. ENSURES ENERGY SECURITY AND PRICE STABILITY

The gross metered solar feed-in tariff enhances electricity supply security and price stability against summer peaks by having solar electricity available to the grid at the same time when air-conditioning creates peak load issues.

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

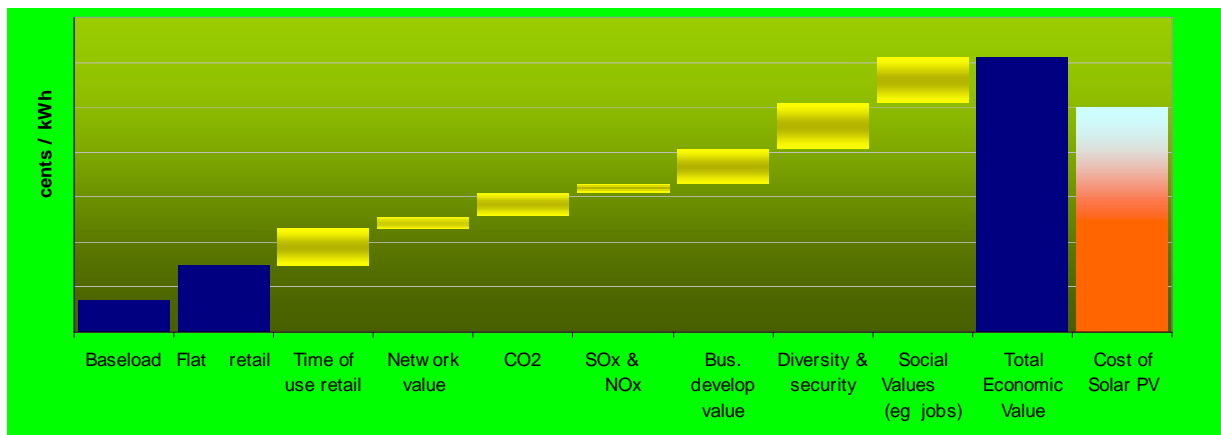
World-leading research facilities in Australia, e.g. UNSW, developed the technologies which form the basis of today's \$14 billion global [solar photovoltaic industry](#). The gross metered solar feed-in tariff will allow the State to benefit from the commercialisation of locally developed technologies by enabling a strong domestic industry, creating 2,600 new jobs.

### 9. SUCCESSFUL WORLDWIDE APPLICATION OF THIS POLICY

The gross metered 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 40 countries, states and provinces have now enacted feed-in laws. Driven by those mechanisms, the global market is expanding fast (70% in 2006) and expected to grow to over \$40 billion by 2010.

### 10. CREATES A NET ECONOMIC BENEFIT TO VICTORIA

To adequately compare solar electricity with other generation technologies, several additional value components have to be taken into account. [Solar electric power](#) 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 state. These and other additional values will be achieved through a gross metered feed-in tariff.



**The net present value of a gross metered feed-in tariff to the Victorian economy is expected to be positive.**

A gross metered feed-in tariff in Victoria would deliver clean peak generation capacity, economic expansion, job creation in high-tech industry, low-cost energy diversification, and the potential for the state to lead Australia in accessing the rapidly expanding \$14 billion solar PV export market.

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