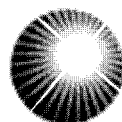
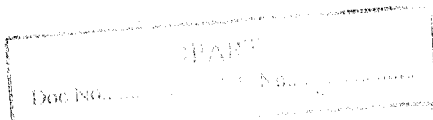
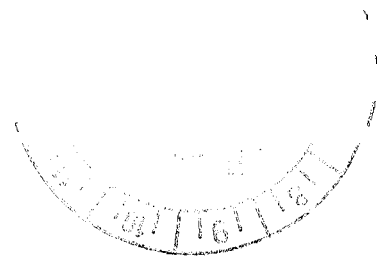


19 June 2002



PacificSolar

Inquiry into the Role of Demand Management and Other Options in the Provision of Energy Services (Matter No. 01/257)
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230



Dear Sir/Madam,

RE: Demand Management and Rooftop Photovoltaics(PV)

Pacific Solar supports the Interim Report's finding that:

"In the interests of reduced transaction costs and fairness, it would seem that a simple net metering approach using standard tariffs may be the most appropriate approach for residential embedded generation" (5.3.3 p.61).

This should be a minimum position in the interests of expediency. However, a more appropriate approach in the case of grid-connected rooftop PV would be to credit any surplus (ie: export) generation to the grid at the distributor's green energy tariff as opposed to its standard tariff. This would recognise the truly green nature of PV electricity and be closer to its market value.

With regard to the development of standardised framework for small generators (p.61 and p.69), the determination of "boundary issues" in regard to size could be determined from the soon-to-be-released Australia Standard AS 4777 which covers the technical requirements for connecting rooftop PV to the local electricity grid. This standard applies to rooftop PV systems and other small generation sources "with ratings up to 10kVA for single-phase units or up to 30kVA for three-phase units".

With regard to Recommendation 6.1 (p.65), "Establish Demand Management Fund", it is proposed that **part** of the funds be allocated to overcoming the barriers to grid-connected rooftop PV. The largest barrier is the high upfront capital cost. This is best addressed by topping-up the Federal Government's PV rebate of \$5 per watt of PV capacity. Clearly the larger the top-up, the greater the uptake by customers given that such systems typically retail at \$12 to \$15 per watt before the Federal rebate. A top-up of \$2.50 per watt would leverage up to \$15 per watt investment in rooftop PV and be equivalent to reducing network demand by 1500kWh per kW each year for at least 25 years. As such, a \$2.50 per watt top-up from the proposed fund would equate to a cost of just \$1 per 15 kWh¹ of electricity reduction from the grid. This equates to a cost of 6.7c/kWh for such a demand management initiative, approximately half the residential tariff.

Should you have any questions or require further information, please contact me on 02 9316 6811 or via email (peterl@psolar.com.au).

Yours faithfully,

Peter Lawley
Business Development Manager

Assumes Sydney solar insolation level, 25 year life (guaranteed by many PV manufacturers such as Shell Solar). Thus a rebate of \$2.50/W would leverage 1500 Wh x 25 of electricity reduction from the grid at a cost of 1500 x 2512.5 = \$1115 kWh of investment by the fund.

