ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Inquiry into energy services industry

Melbourne — 3 April 2006

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Mr C. Ogues, Director, Mr Solar.
The CHAIR — I would like to welcome Mr Carlos Ogues who is the director of Mr Solar. All evidence taken by the committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, if you make comments outside the precincts of the hearing, they are not covered by parliamentary privilege. Hansard is recording all evidence taken today and you will receive a proof version of the transcript with in a couple of weeks. We thank you for your time today. We have about half an hour. If you would like to give us your presentation and leave us some 10 minutes or so for questions at the end, that would be terrific.

Mr OGUES — I thank you for the opportunity to express my views on this issue. My name is Carlos Ogues and I am an electrical contractor. I have been an electrical contractor for the last 18 or 20 years. I worked for Telecom as a technical officer for 12 years and then I started my own business. I have been involved with renewable energy since 1995. I have been trying to educate the general public most of these years on the subject of using renewable energies. I am here to answer your questions and try to help as much as I can with my experience in the field.

The CHAIR — I understand that you supply and install solar hot water services and electricity.

Mr OGUES — Yes.

The CHAIR — In your submission to us you remark that there is little consistency in the procedures of electrical suppliers for the installation of photovoltaic systems. Can you perhaps provide some examples of the inconsistency?

Mr OGUES — In the last six years we have installed about 60 photovoltaic systems which are mostly grid connected. We have at the moment about 30 different electricity suppliers and the problem we find is with probably every system we try to connect to the grid there is no consistency. You go to a supplier and it has got some set of rules and requirements. You go to another supplier and it has got something else. Some of them have 20 days turnaround for their systems to be connected; the longest one we experienced was about four months. We finished the job; it was ready. There is no consistency. We would like to see something more across the whole industry. Even with new industries coming into the picture they should have to obey those rules.

The CHAIR — Is the inconsistency with connecting into the grid with the retailers?

Mr OGUES — The major problem is with the retailers. They do not know what they are doing; they have no procedures.

The CHAIR — You are looking at standard procedures whoever the retailer is, whether it is Origin, Alinta or AGL, so that wherever you are working, whichever retailer you are dealing with, there would be a set of standard procedures that everyone would stick to. It is tick the box, this has been done, that has been done, this form has been handed in and time lines met. It is all agreed and then the customer at the end of the day, the person who is getting the photovoltaic system, knows what the process is and it will take three weeks or indeed four months. They know that is what they are up for before they enter it; is that correct?

Mr OGUES — That is correct. There has to be something more standard so everybody knows what is happening. At the end of the line someone is getting a photovoltaic system. They are putting a lot of money into it and they deserve good service. We do the best we can as far as installing the system and getting commission, but sometimes there are third parties that do not behave the way we think they should.

The CHAIR — We spoke to an installer of photovoltaics in Bendigo. He said his experience was that people installed the system that gave them up to the rebate that the federal government gives and as that rebate has come down people tend to have brought the size of the systems down. Do you concur with that?

Mr OGUES — Yes, we are experiencing that situation. When we started installing systems they used to be anything between 1.5 kilowatts and 3 kilowatts. Now we are doing 750 watts and 1 kilowatt — a considerable reduction on the size of the system. It is because there is no incentive. We started with $7000 rebate; now it is $4000 and I believe there is going to be another reduction coming up.

Mr SEITZ — Do the people who are working in the industry have an association?
Mr OGUES — Yes, it is the business council of renewable energy. It used to be an association and has been amalgamated. BP Solar is one of the biggest sponsors so there is a mixture of groups — small businesses and big corporations.

Mr SEITZ — Why I am asking is that people who are hands on are usually the best and have the know how to lobby and establish a standard process. Then if it is necessary to lobby a minister for regulations, it should be registered and organised. I simply say that sometimes the supplier of the product is only interested in basically selling it whereas you are the person who is dealing with the customer — the middleman. You obviously get the blame and you say you have done the work and now you are waiting for four months to get it to work. You really have an interest in getting something standardised. I understand how difficult it is to get all the hands-on people in the trade together to actually form your own lobby group to establish a set of protocols that can be put then if necessary, if not to the industry, then to the minister. You have to say there should be regulations and that is the way we should be going. It was okay when we had the SEC — there was one standard for every electrician and it would not matter where you worked in Victoria. I know that in the plumbing industry you had to be registered in Geelong which was different to the Melbourne Board of Works when it existed, but electricity was right across the state. There was a standard. What I hear is that this is where you are coming from, saying a similar thing needs to be done.

Mr OGUES — Certainly.

Mr SEITZ — I would say it will only happen if the people who are hands on actually dealing with subcontractors or contractors come together and put a proposal first to the companies that are the electricity suppliers and if they do not react, then to the minister. The union, of course, should be involved in that field.

Mr OGUES — We are in the process of doing something at the moment.

Mr HILTON — Is your industry sustainable without government subsidy?

Mr OGUES — It depends on what you call sustainable.

Mr HILTON — Is it profitable? Would there be sufficient demand from the public to keep an industry like yours going?

Mr OGUES — The only way that the industry is going to continue progressing is with the help of the rebate schemes. Otherwise there will not be any industry.

Mr HILTON — So if they were not there, there would be no industry?

Mr OGUES — No.

Ms DUNCAN — Are you satisfied with the current arrangements that customers have when selling into the grid?

Mr OGUES — Could you expand a bit on that?

Ms DUNCAN — For example, there are current arrangements for customers with photovoltaic systems to secure compensation from, I presume, the retailer. Is that a satisfactory arrangement as it currently exists?

Mr OGUES — Again, with different suppliers there are different rules. Some suppliers will not connect the system until the customer signs a contract with them. Is that what you — —

Ms DUNCAN — Yes, and what they might get for the power that they put into the grid. Does that vary obviously enormously?

Mr OGUES — It varies from supplier to supplier. We have no control over that. They are arrangements between the customer and the electricity supplier.

Ms DUNCAN — Is there any consistency in those arrangements or are they private arrangements between an individual and a retailer?

Mr OGUES — Exactly, yes.
Ms DUNCAN — So you would not know what some of those arrangements are?

Mr OGUES — All we have to know is that the customer has signed a contract and we go ahead and connect the system to the grid.

Ms DUNCAN — Can I just ask generally, because some figures have been given to us on what it would cost to set up a system in a house, how much energy those people could produce and how much energy they could hope to sell into the grid? How much would you say it would cost to set up a house with two parents and two kids, and could they ever be self-sufficient on that system?

Mr OGUES — For a typical family house with three bedrooms you need to have a minimum of a 1.5-kilowatt system, which will be around $20 000, less the government rebate. That will take probably a minimum of 10 years to recover. From that we can go either way, but the minimum system is 450 watts, which will do only the lights of a small house. I do not know if that answers the question.

Ms DUNCAN — So you are saying it would take them 10 years to pay back the — —

Mr OGUES — At today’s prices. We know that prices will continue increasing.

Ms DUNCAN — So they pay back less?

Mr OGUES — Yes.

Ms DUNCAN — So it is about a $20 000 investment. Would they be buying in energy or would they be able to export energy?

Mr OGUES — It depends on the individual. If you have a house where everything is electric, you have a bit of a problem, but the majority of houses have gas and electricity, so that will cover probably 80 to 90 per cent of electricity usage.

Ms DUNCAN — What do you think would be the best thing a government could do to help expand this industry, just maintain and increase rebates?

Mr OGUES — Yes, take the rebates to a very attractive level. A lot of people want to do it but they cannot afford it. I think there is plenty of room there for the industry to grow, with a bit more support from the government.

The CHAIR — If I can ask a question around the availability of plumbers and electricians that work for you, is it difficult to attract suitably qualified plumbers and electricians? Do you need to train them up yourself?

Mr OGUES — Yes. It has become a very specialised field, so you can have electricians coming into the field who will have all the knowledge behind them as far as the electrical side is concerned and then you have to introduce them to the new field, which is solar power. There are not many people available. We started off in 2002 with a nice group of people and now I think we are down about 20 per cent, so the skilled people are disappearing. People start a business in this sort of industry and two years later they are not there any more.

The CHAIR — Do you think there should be some specific training in the general electrician’s apprenticeship? Should there be specific things there?

Mr OGUES — They should be incorporated, yes. It is a must for the future; there is no other way to go. There should be something there to supply knowledge.

Dr BENJAMIN — With the decline in the PVRP rebate and MRET not doing a lot for PV installation at the moment, the only driver seems to be the Solar Cities program. Where do you see the industry going? What is the driver for the industry? Is it just going to keep declining or is it going to — —

Mr OGUES — It will. There is not much we can do. As far as the industry is concerned, we are just participants; we are just waiting for the government to make a move. It is all clear; it has to make a move. It happened in Europe, with Germany. We have more peak sun hours than any other country around the world and we are sitting on it, so it is time to move. We are just waiting for the government to do something about it.
Dr BENJAMIN — Do you think the key is to charge the real price for electricity, to put some carbon price on current electricity prices?

Mr OGUES — That could be a way to do it, but we have to keep the momentum going. The whole thing started in 2000 and five years later it is declining. We cannot afford that.

Ms DUNCAN — Not long ago I bought a solar hot water service. It was a quite difficult process because when I rang the electricians and the plumbers they all tried to talk me into an electric one — we do not have gas — or every system other than a solar system. As it turned out, I waited about three weeks, which I thought was pretty quick, actually, to get a system in. I was pretty determined to get one, but if I had not been I could have quite easily given up way before that, again a lot because of those cost differentials. Do you find among plumbers and electricians who are not selling solar hot water services there is a real mixed message out there for people? They tried to argue that the amount of greenhouse emission I was talking about was minimal and they had all kinds of opinions against what we are trying to do.

Mr OGUES — There are a few factors in there. People from the old school of plumbers have no knowledge of the system so they could not really give you an opinion about it. Since the introduction of Green Plumbers I think the situation has changed very rapidly. I think it is getting better.

Ms DUNCAN — If I had not known of their existence I would probably have struggled to find them.

Mr OGUES — Yes. We are trying to do as much publicity as we can. As I mentioned before, it is not marketing just a product; it is marketing the knowledge. You have to let people know. People get confused between solar hot water and solar power. They buy a solar hot water system and they expect to generate electricity. Those sorts of things are still there and that is why the experts in the field have to be there — to help people out.

The CHAIR — Can I ask a further question about the range of products that are available: do we have a comparable range of products? Understanding that we might have to search for them, are they actually here in the energy-efficiency sector?

Mr OGUES — Yes. Everything that is in the world market at the moment we have here. We have solar street lighting, we have water-pump systems, solar hot water power and solar pool heating. Anything within renewable energy — wind turbines — we have it available. The usage: probably 70 per cent of renewable energy is formed by the solar hot water part and 20 per cent would be solar power and 10 per cent the rest.

The CHAIR — Thank you very much for your time today, Carlos.

Ms DUNCAN — Good luck.

Mr OGUES — Thank you. We need it.

Witness withdrew.