



ReAqua submission in response to the Energy Security Target and Safeguard Consultation Paper

22 June 2020

Responding to ‘The NSW Government will expand fuel switching activities’.

ReAqua appreciates the opportunity to provide a submission to the Energy Security Target and Safeguard: Consultation Paper.

ReAqua is Australia’s leading expert in solar pumping and irrigation. ReAqua’s primary target market is the Australian agriculture industry which includes livestock, horticulture and irrigation farmers. As the sole Australasian distributor of the German-engineered Lorentz pump, ReAqua has the largest range of solar pumps on the market and are also the only Australian-owned business in the field. We therefore have a unique perspective on the agricultural sector’s transition to cleaner forms of energy.

ReAqua are providing a submission for the below specific Consultation Questions.

19. Which cleaner fuel switching activities should the scheme provide incentives for?

ReAqua strongly recommends that the Energy Security Safeguard (ESS) include switching from diesel fuel to solar for powering farm operations, specifically pumps for irrigation and livestock.

20. Should the scheme cover technologies that are being wound down under the SRES? If so, what is the best way to do this?

Yes. There is massive interest from farmers keen to reduce their diesel costs and reduce exposure to fluctuations in diesel prices but not a lot of incentive to do so - apart from LGCs and STCs which are falling in price each year.

LGC certificate prices are reducing significantly up until 2030 when the scheme ends. For our current irrigator clients, wanting to install a larger solar diesel hybrid pumping system, LGCs unfortunately do not contribute significantly to a favourable pay back. The ESS could assist to improve the business case for these farmers.

21. How should energy savings be counted for these cleaner fuel switching activities?

A simple self-assessment tool could be provided to farmers and evidence requested for the amount of diesel use prior to switching to solar. It is important that this incentive apply to

small conversions, such as livestock pumps once driven by diesel but now converted to solar. Any onerous bureaucratic process regarding auditing or high costs of consultants would likely turn farmers away from participating in the scheme, so ReAqua strongly recommends a low cost, simple assessment and validation process.

22. What would be the likely scale of uptake of cleaner fuel switching activities? Please consider the number, size, and cost of projects.

In NSW, 80% of energy used on farm is diesel. ReAqua distributes solar pumps through a network of over 150 Dealers across the country. The business undertakes an 'Understanding Customers' survey on these dealers on a yearly basis. When Dealers were asked 'What are the main barriers for those actively seeking quotes from committing to install solar pumping systems?' 66% of respondents said the biggest barrier was 'Upfront costs'. There is a role for the NSW Government to step in and support farmers to switch to less polluting energy sources.

We also ask 'What would help convert customers from wanting a solar irrigation system to actually paying for one?'. The highest response from Dealers indicated rebates/grants would convert farmers to solar.

A typical cost for a small livestock pump to be converted from diesel to solar is \$10,000 to \$15,000

ReAqua believe there are between 15,000 and 20,000 pumps in NSW that could successfully be converted to solar from diesel, and that new incentives under the ESS will facilitate this transition.

With large scale irrigators converting from diesel to solar, there could be substantial reductions in emissions from the agricultural sector. One client we helped to convert from a diesel powered irrigation pump to a solar/diesel hybrid is now saving 500 tonnes of CO₂ from entering the atmosphere every year.

23. Under what circumstances should the NSW Government consider extending scheme liability beyond the electricity sector?

We have found through our business that farmers are large users of energy/diesel, and that these costs are increasing and causing stress on family businesses. There is opportunity for the NSW Government to help transition the sector to clean energy while improving Australian farm competitiveness and resilience.

Contact: Ben Lee,

Managing Director, ReAqua. Ben@reaqua.com.au

M: 0418 169 874 www.reaqua.com.au

