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Clean Energy Council Submission in response to ARENA's Solar Sunshot Consultation Paper

The Clean Energy Council (the 'CEC') welcomes the opportunity to provide a submission in response to the Australian Renewable Energy Agency's (ARENA) Solar Sunshot consultation paper.

The CEC is the peak body for the renewable energy sector in Australia. We represent and work with around 1,000 businesses operating in Australia across solar, wind and hydro power, energy storage and renewable hydrogen. Our mission is to accelerate Australia's clean energy transition.

We welcome the Australian Government's \$1 billion funding commitment to the Solar Sunshot program, designed to commercialise Australian solar photovoltaic (PV) innovations domestically to grow and diversify our economy, and enhance Australian solar manufacturing capacity to build sovereign capability over a critical supply chain in the long term.

A successful Solar Sunshot program will allow us to establish sovereign manufacturing capability that can better exploit the value of Australia's innovation and expertise, complement international supply chains, and contribute to the diversity of supply, as the already extraordinary global demand for solar products continues to grow.

Australia has been a genuine leader in solar PV research, development and deployment (particularly in relation to rooftop solar) over a number of decades now and we have the potential to leverage this innovation capability and leadership into a larger economic opportunity for Australia.

On the matter of building sovereign capability over critical supply chains, the CEC refers to the Treasury's National Interest Framework. The framework rightly identifies the concentration of solar PV manufacturing supply chains as a risk to Australia's energy security and economic resilience, and there is value in building our domestic capability, such that we are not as vulnerable to potential future supply chain shocks. This should be part of a broader strategy to diversify Australia's (and the world's) clean energy supply chains.

It is important to note that it will be difficult for Australia to compete with the very large and well-established mass manufacturing capability of other countries with much lower labour costs. We will need to be strategically focused on where we can add value, and the CEC suggests that our primary focus should be on commercialising and scaling up Australian solar innovations, enabling us to capture a much larger share of the economic value of this intellectual property.

The main points of our submission response to the Solar Sunshot consultation are summarised below:

1. Program structure and indicative timetable

Under the program ARENA proposes a minimum of two funding rounds, with Round 1 funding only applying to module manufacturing. The timetable set for Round 1 is to have funding decisions made before the end of December 2024.

CEC response:

During this early stage of developing Australia's domestic manufacturing capability, the CEC sees value in providing broad eligibility parameters for round one, as part of a market-wide assessment of the most prospective opportunities for commercialising and scaling up solar manufacturing in Australia.

ARENA may choose to narrow the criteria for funding over time, once it has a clearer assessment of where Australia's most prospective opportunities lie within the value chain. Broader parameters also allow the full amount of funding to become equally available to other parts of the supply chain, preventing over-commitment of funds in module manufacturing before fully comprehending the business case opportunities beyond that.

The CEC recommends broadening Round 1 eligibility to include (but not limit to) those steps of the solar PV supply chain described under 'Funding Target Areas' for Round 2. This would allow immediate support to become available for suitable and ready projects in the existing solar supply chain, including advanced deployment technologies and end-of-life treatments, as well as broader solar innovation and automation, including inverters. The CEC also supports the consideration of Round 1 funding beyond just production-linked incentives to other areas, including capital expenditure support.

2. Proposed eligibility requirements

Under the program ARENA states round 1 funding will only be eligible for new and/or additional solar PV module manufacturing capacity. The facility may utilise existing land, buildings, energy generation, or infrastructure.

CEC response:

The CEC highlights that there are businesses with existing capabilities in the solar PV supply chain whose plans may not fit neatly into categories of "new" or "expanded" operations. Examples of this may be in areas of automation or innovation of existing manufacturing lines. We suggest ARENA welcomes applications for those with existing operations and allow them to make a case on why they deserve funding equally as much as new or expanded operations. Being too prescriptive may lead to inefficient actions by certain businesses just to re-classify themselves as being eligible to access funding.

3. Round 1 Merit Criteria

Merit Criterion C in the consultation addresses:

- The level of definition and status of procurement, including management of equipment supply chain and the proposed sources and suppliers of key components.
- The level of definition and status of consumable supply chain for the project including detail on the proposed sources of key components, such as cells, glass, framing, and laminate.

CEC response:

The CEC welcomes this criterion to understand the sources of components required for prospective projects in its stage of the supply chain. Referring again to Treasury's National Interest Framework, the framework highlights the importance of strong and diverse trading partnerships in regions offshore, such as the United States and India, as further ways to achieve diversification. The CEC recognises that having such trading partners upstream in the supply chain will contribute to the success of Australia's sovereign capability further downstream.

Conclusion

Australia has an opportunity to use its proven track record and existing capabilities in areas of solar innovation to capture greater economic value and build more resilient clean energy supply chains. Success in this endeavour will see Australia innovate towards a quicker and more efficient energy transition, while exporting those same benefits to countries around the world and strengthening Australia's economic base through diversification.

We look forward to a new era of solar manufacturing capability in Australia, and working with the ARENA team and the solar industry over the coming weeks and months to refine the design and implementation of this important funding initiative.

Yours sincerely,



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