8 September 2016

energy & water
OMBUDSMAN S A

ABN 11 089 791 604
GPO Box 2947
Adelaide SA 5001

Free call 1800 665 565
Free fax 1800 665 165
contact@ewosa.com.au
www.ewosa.com.au

Mr Angus Bruce
Regulatory Analyst
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001

Dear Mr Bruce

Submission to the Essential Services Commission of South Australia: Electricity Retailer Feed-in Tariff Draft Decision

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Essential Services Commission of South Australia's (Commission) *Electricity Retailer Feed-in Tariff Draft Decision*.

In this submission, the EWOSA primarily addresses matters that are specifically of interest to the EWOSA Scheme.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to *(inter alia)* the connection, supply or sale of electricity, gas or water.

We support the Commission's Draft Decision:

- Not to make a minimum Retailer Feed-in Tariff (R-FiT) Determination for calendar year 2017, and
- To continue to monitor the retail electricity market for solar customers in South Australia and retain the power to re-introduce regulation of the minimum R-FiT at a future time, should evidence arise that it was in the long term interests of customers to do so.

We generally agree with the Commission's view that innovation in market offers by electricity retailers to small customers with solar panels may be inhibited by the setting of a minimum R-FiT, particularly given changes in the electricity market, such as the emergence of battery storage and the gradual introduction of cost-reflective demand tariffs. Any stifling of innovation may be to the detriment of consumers.

We also agree that evidence from within South Australia, as well as from other jurisdictions, suggests that retailers in South Australia will continue to offer feed-in tariffs to customers with solar panels that reflect the benefit to retailers of solar exports to the grid. The possibility that the Commission could resume setting a minimum R-FiT is also likely to provide electricity retailers with an incentive to offer competitive market contracts which include feed-in tariffs to solar customers.

Indeed, we support the Commission's proposal to continue to monitor the retail electricity market for solar customers. Such monitoring should continue to include observing whether there is any emergence of significant discrimination in the treatment by retailers of solar versus non-solar customers and whether average solar feed-in tariffs generally reflect the average wholesale cost of electricity.

There were 224 solar energy complaints to EWOSA in 2015-16. This was down 32 per cent from 329 complaints in 2014-15 and was around half of the 454 complaints in 2013-14. The majority of these complaints were associated with billing, mostly about feed-in tariffs and solar credits not being applied. EWOSA also receives numerous concerns about solar hardware, particularly regarding installation, which are usually forwarded to Consumer and Business Affairs SA.

It is possible that the number of complaints to EWOSA regarding feed-in tariffs will increase initially, after the removal of the minimum R-FiT, as some customers may be offered a lower feed-in tariff than what they had previously received and some customers may simply be confused about the change.

That said, the removal of the minimum R-FiT will enable more innovation in retail market offerings, particularly to customers with solar panels. Customers that shop around and switch to a more suitable market contract for their own circumstances are likely to be better off as a result. This may include relatively high consuming solar customers, who use virtually all of the solar power their panels generate, receiving a low feed-in tariff accompanied by low electricity usage charges.

Should you require further information or have any enquiries in relation to this submission, please email me at antony.clarke@ewosa.com.au or telephone me on (08) 8216 1851.

Yours faithfully

Antony Clarke
Policy and Research Officer
Energy and Water Ombudsman SA