



## Electricity



# Monitoring of Retailer Feed-in Tariffs

## Background

In December 2016, the Essential Service Commission (**Commission**) announced its decision to no longer set a minimum amount for the purposes of the South Australian retailer-paid feed-in tariff (**R-FiT**) scheme.<sup>1</sup> This reflects the Commission's view that the practice of setting a minimum price for the R-FiT no longer serves the best interests of electricity consumers.

However, as the Commission has an ongoing power to determine the minimum R-FiT, it is important for it to monitor retailers' offers to solar customers, including R-FiTs. Monitoring those offers will assist the Commission in determining whether or not it is appropriate to re-set a minimum R-FiT in the future.

## Monitoring regime

The Commission's R-FiT monitoring regime aims to help ensure that solar customers are able to continue to access offers comparable with those of non-solar customers and reflect the benefits of solar exports. The information collected as part of the Commission's monitoring regime will include:

- ▶ Comparison of offers available to solar customers with those available to non-solar customers. This will include analysis of hypothetical electricity bills (including fees, charges and discounts) for solar and non-solar customers, to help determine if solar and non-solar customers can access comparable terms in the context of the total electricity offer.
- ▶ Comparison of the range of R-FiT prices available and any product and price differentiation implemented by retailers (each retailer's R-FiTs will be published at least annually).

These two measures are most relevant to analysis of the solar market and are consistent with the measures used to inform the Commission's decision to cease setting a minimum R-FiT.

Data will be collected monthly from publicly available sources; in particular, the Australian Energy Regulator's (**AER's**) [energymadeeasy.gov.au](http://energymadeeasy.gov.au) retailer's offer fact sheets and the Australian Energy Market Operator's (**AEMO's**) wholesale electricity price data. Given short-term fluctuations in prices, analysis will focus of trends rather than point-in-time outcomes.

Data will be reviewed internally on an ongoing basis. More detailed analysis is expected to occur on an annual basis, to be published on the Commission's website in August each year as part of the Commission's Ministerial Pricing Report on available energy offers.

The Commission will also ensure retailers continue to publish information that clearly discloses the R-FiTs that are available, to assist solar customers in making choices between electricity offers. This information is currently required to be published in the price fact sheets that are required for each of a retailer's electricity offers.

## Trigger points for re-setting a minimum R-FiT

If evidence arises through the Commission's monitoring that solar customers not able to access offers that reflect the benefits of solar exports or are otherwise comparable to offers

<sup>1</sup> Refer to the Commission's *Retailer feed-in tariff - Review of regulatory arrangements - final decision* available at [http://www.escosa.sa.gov.au/projects-and-](http://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements/sa-electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements)

[publications/projects/electricity/electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements/sa-electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements](http://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements/sa-electricity-retailer-feed-in-tariff-review-of-regulatory-arrangements)

available to non-solar customers, the Commission may need to consider re-establishing a minimum R-FiT.

Trigger points for re-establishing the minimum R-FiT include:

- ▶ Solar customers are unable to access an R-FiT across the entire retail market. Where there was little or no choice available, and customers did not have access to offers that fairly represented the value of energy exported, the Commission may re-set the minimum R-FiT.
- ▶ Lack of access for solar customers to offers with discounts similar to those available to non-solar customers.

The Commission will focus on trends. A single quarter's data may alert the Commission to a potential issue but, as offer details are unlikely to change frequently, a consistent pattern will need to be established. Trigger points are not 'locked in' numerically in order to allow a flexible and practical approach to their implementation. They will also be considered in the context of the broader market.

The Commission will rely on the results of its monitoring regime and be alert to issues raised by consumers to inform its judgement on whether or not to reset the minimum R-FiT. Any decision by the Commission to reset the minimum R-FiT would be subject to a separate public consultation process.

### Further Information

If you have any questions or would like to discuss any matter relating to the R-FiT monitoring regime, please contact the Commission on 08 8463 4444 or at [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au).

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au).

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