

MEDIA RELEASE

Small fall in solar feed-in tariff proposed

2 October 2014



The minimum amount that solar householders and small businesses will receive from electricity retailers for selling excess solar power into the electricity distribution network is likely to fall slightly next year.

The Essential Services Commission (ESCOSA) has proposed that a minimum retailer feed-in tariff (R-FiT) of 5.3 cents/kWh will apply from 1 January 2015, compared with the current 6 cents/kWh.

This would equate to about \$8 a year less for solar customers with larger photovoltaic systems and an average consumption profile of around 5,000 kWh.

The R-FiT is set by ESCOSA under the Electricity Act and is one of two components that make up the total tariff payable to many solar customers. The other is the distributor feed-in tariff of 44 cents/kWh for solar PV systems installed before October 2011 and 16 cents/kWh for installations between then and September 2013. ESCOSA does not set the distributor feed-in tariff.

"While the distributor feed-in tariff is fixed, the R-FiT is reviewed each year and set so as to reflect the forecast wholesale market value of photovoltaic electricity in the coming year," said ESCOSA's CEO Adam Wilson. "We expect that value to fall slightly in 2015, as demand for electricity continues to fall."

Mr Wilson said that, while all retailers were required to pay the minimum tariff, some offered higher rates as a part of their offers to solar customers.

The Draft Price Determination published today also proposes a regime to monitor retailers' offers to, and competition for, solar customers. Monitoring will help determine whether a minimum R-FiT will continue to be set from 2017.

"We want to be sure that setting a minimum is in fact a positive," he said. "If the value proves to be too high this may dissuade retailers from seeking to attract more solar customers and so impact on the range of offers made and the overall use of solar power."

Public comments on the Draft Price Determination will be received until 30 October, with a Final Price Determination expected to be released in December.

Mr Wilson stressed that the main financial value of photovoltaic systems to most solar customers is reduced electricity bills, not feed-in rebates. As a result, solar customers should consider electricity charges as well as the R-FiT payment when considering electricity retail offers.

He encouraged all consumers to make use of the Australian Energy Regulator's free energy price comparison service online at www.energymadeeasy.gov.au or by calling 1300 585 165.

FURTHER INFORMATION: All documents associated with ESCOSA's review of the R-FiT can be found at: www.escosa.sa.gov.au. Submissions will be added as they are received.

MEDIA CONTACT: Adam Wilson, CEO - 8463 4444.

The Essential Services Commission is the independent economic regulator of essential services in South Australia. The Commission's primary objective is the protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services. .

Essential Services Commission of South Australia
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444
E escosa@escosa.sa.gov.au
W www.escosa.sa.gov.au