

Response from _____ to the Review of the Solar Feed-in Tariff Premium

I write as an individual with a grid connected solar power system in response to the proposal to deregulate the retailer tariff for solar electricity.

Although you may have preferred to have my responses grouped into the 4 issue points below I have chosen to leave my responses as complete block to maintain continuity in my comments.

Issue 1

Is it in the long-term interests of consumers for the Commission to continue to regulate the FiT Premium beyond 1 January 2014?

Issue 2

In the absence of a regulated FiT Premium, are there likely to be any differences in the extent to which consumers could exercise choice between energy retailers providing retailer feed-in tariffs, as distinct from energy retailers selling electricity to end-users more generally?

Issue 3

Is there sufficient competition in the relevant market (however defined) to ensure that consumer interests can be promoted without the need for direct price regulation?

Issue 4

***Do the benefits of setting a regulated FiT Premium outweigh the associated costs?
Are there other regulatory approaches that should be considered by the Commission rather than directly determining the regulated FiT Premium?***

Any other matters considered relevant

I certainly concur with the concerns expressed in the Solar Energy Council submission where the conditions in NSW are presented, and supplement them with the following:

I wish to add to the argument against deregulating the retail tariff part of an electricity bill, on the grounds of personal experiences with my retailer and other observations.

- 1) The *primary function* of electricity retailers is to maximise profits for their shareholders, not to provide a service to electricity customers (that is the secondary function). Because of this requirement retailers will always look for ways to minimise operating costs, and if existing tariff regulations are removed then they will all aim to reduce or remove any payments to owners of PV systems so that shareholder profits are increased.
There is no way at all that individual customers will be able to have any impact on the amount of rebate they receive for PV energy in a deregulated market – the only way that something approaching the proper price for PV electricity can be achieved is through regulation, either State or Federal. My personal experiences, listed below, demonstrate the problems that are there even with regulations.
- 2) I have already had to lodge a formal complaint against my electricity retailer a couple of years ago for failing to pay the legally required credit due to me here in SA. I made numerous approaches over several months to get my legally entitled credit (as laid out in South Australian legislation) and it was only after lodging a formal complaint with the Energy Ombudsman that I was finally paid.

- 3) I have investigated the company's website to see what they charged people who wanted to enter into a contract for 100% green energy (i.e. electricity from PV systems) and they listed as the price for this as "standard rate + 10c/kWh + \$1/day". If they succeed in getting deregulation of the tariff then my belief, (on the basis of past experience with them) is that they would significantly reduce any payment to PV generators and maintain the above high charge to other customers who have environmental concerns but don't have PV systems of their own.
- 4) For the last two quarters they have "accidentally" reduced the amount of carry over credit due to me in each of my electricity bills. I have been in contact with them about this supposed error in their quarterly electricity bills and I have been promised a correction in their next bill (due in a couple of weeks). I very much suspect I shall be lodging another complaint with the Electricity Ombudsman. If my retailer is capable of calculating out to the 4th decimal place the point at which to change charging rates with seasons and price shifts then I find it remarkable that their "computerised" invoicing system manages to make multiple dollar errors in transferring credits from one quarter to the next. I am quite competent with my mathematics and with working out the confusing details in electricity bills – many people would not have this skill and would not realise the "errors" in their bills

Although not specifically a retailer issue, the negative attitude towards PV systems expressed by some people in ESCOSA (and SA Power Networks) is transferred to Members of Parliament, and so to State Regulations which impact more negatively on PV system customers than on retailers. I was involved in the installation of the first domestic grid connected house in SA in 1997 (at ETSA's "Electric Village"!), and it took many months of negotiation to be able to do that installation because of negative attitudes towards solar energy then – and some of those still exist.

Every person with a PV system gets paid a very modest amount for what they feed into the grid (ref. AEMO, ACIL Tasman, etc reports) and have to pay the standard amount (including any 'levy') for electricity when they draw it back from the grid, when the sun is not shining. Retailers avoid having to pay an assortment of charges for PV electricity but they charge premium prices to customers who want to use it.

Imagine what would happen if the banks acted in a similar way – you put \$1,000 into a bank and when you want to take it out again the bank will only give you \$200 saying they have given the other \$800 to their shareholders. They then offer to loan you the \$800 and also charge you interest for the privilege! If retailer tariffs were to be deregulated then what would the bank comparison look like?

I question the claim that the premium tariff paid by the State Government really is a burden to all customers. The 2012(?) AEMO report indicated that the wholesale price of electricity (for all customers) in SA actually dropped by 1.8% because of the impact of renewable energy on peak summer demand. The reality is that PV systems are saving the State Government large amount of money because of the reduction in electrical infrastructure stresses. If no PV systems or wind turbines had been installed in SA then a new fossil fuelled power station would have been built by now – and paid for by?