26 July 2013

Submission from the SA Branch of the Australian Solar Energy Society (AuSES) to the ESCOSA Issues Paper:

Review of the Solar Feed-in Tariff Premium – Issues Paper

By email: escosa@escosa.sa.gov.au

REVIEW OF THE SOLAR FEED-IN TARIFF PREMIUM – ISSUESPAPER

Dear Sir/Madam,

This submission is sent on behalf of the SA Branch of the Australian Solar Energy Society (AuSES) trading as the Australian Solar Council (ASC).

The Australian Solar Energy Society (AuSES) represents researchers, businesses and members of the general public who are interested in solar and renewable energy. Many of our members have already installed photo-voltaic systems on their homes.

Why the continued regulation of feed-in tariffs is important.

The purpose of the regulation of FiTs is to ensure that all customers that are small embedded renewable generators, e.g. owners of residential PV systems, should receive a fair price that reflects the value of the electricity they export to the grid and provides sufficient incentive for new customers to install systems in a competitive electricity market.

In South Australia there are now approximately 140,000 households with an installed PV system producing a maximum power output of approximately 360 MWp. This is now making a significant contribution to the power generation in South Australia and helps reduce demand, particularly in the summer months, when peak demand can create a spike in wholesale prices. During these times it should be noted that distributed generation can contribute to a reduction in electricity costs for all electricity consumers.

New South Wales (NSW) is the only Australian state to have deregulated feed in tariff payments to customers. This has lead to not one electricity retailer in NSW paying the amount that the Independent Pricing and Regulatory Tribunal (IPART) has determined is the financial value to Standard Retailers for the electricity produced. As of June 2013 eight of the fourteen NSW electricity retailers offered no feed-in tariff whatsoever and only one retailer (AGL Sales), offered a feed-in tariff that was above the lower bound of IPART's estimate of the financial gain to Standard Retailers.

Hence in New South Wales owners of PV systems have suffered from deregulation of the feed-in tariff. Other consumers may also suffer as the incentive to maximise efficient investment in distributed generation, particularly in the form of residential PV, will be much reduced. This may mean that there is a need to build additional infrastructure, leading to further increases in electricity prices.

A drop in the FIT premium may also lead to more customers installing their own storage systems and going completely off grid. This will push network charges onto a decreasing pool of customers leading to further price increases.

Competition in the South Australian electricity market is far weaker than in NSW and there is not sufficient market pressure to ensure a fair unregulated price.

Currently in SA retailers have the option of paying above the regulated FIT premium of 9.8c/kWh however it appears that none of the retailers currently do so, hence if the FIT premium was to become unregulated it is most likely that, as in NSW, the retailers would reduce their payments to well below the fair value. This would have an impact on the installation of all future systems of less than 30kW, including community owned projects and those on small business premises, local government buildings, as well as on houses.

Governments in other states, apart from NSW, protect the interests of solar consumers by mandating in legislation a minimum feed-in tariff rate.

Hence we recommend that the South Australian Government continue to offer the current level of consumer protection for solar customers by mandating the current minimum legal feed in tariff payment of 9.8c/kWh.

Stewart Martin (Chair SA Branch AuSES)