

26 July 2013

Review of the Solar Feed-in Tariff Premium - Issues Paper
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

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

Dear Sir/Madam,

RE: Review of the Solar Feed-in Tariff Premium - Issues Paper

The Energy Retailers Association of Australia (ERAA) welcomes the opportunity to provide input to the Essential Services Commission of South Australia's (ESCOSA) *Review of the Solar Feed-in Tariff Premium - Issues Paper* (the Issues paper).

The ERAA represents the organisations providing electricity and gas to almost 10 million Australian households and businesses. Our member organisations are mostly privately owned, vary in size and operate in all areas within the National Electricity Market (NEM) and are the first point of contact for end use customers of both electricity and gas.

Under the Competition and Consumer Act 2010 (Cth), the ERAA is not permitted to share or discuss information within the Association in relation to prices and the mechanisms for setting prices. We refer to the individual submissions of our members to comment on more specific pricing issues and strongly recommend that the ESCOSA has due regard to these submissions. It is within this context that the ERAA provides the following comments to the Issues Paper.

Deregulated markets are best placed to determine the most appropriate, sustainable and economical value for the electricity that is produced and exported by photovoltaic (PV) units. Just as the deregulated South Australian energy market provides customers with choice in energy offers, a deregulated market for Feed-in Tariffs (FiTs) allows energy retailers to compete to purchase the electricity exported from PV units. FiTs are usually managed outside a retailer's standardised operating procedures. This is from connection through to the extra resources engaged to maintain appropriate customer service levels for PV customers.

The ERAA does not support a mandated minimum FiT as it introduces an asymmetric risk into retail energy markets. Should a minimum FiT be set too low (or not be set at all), retailers will compete to offer customers FiTs that best suit their needs. Should a minimum FiT be set too high, retailers will be forced to purchase exported energy at higher rates than could be purchased elsewhere. This outcome would not be consistent with the long term interests of South Australian consumers, particularly solar customers who may experience a reduction in competition and associated benefits.

The Australian Energy Regulator's price comparator website www.energymadeeasy.gov.au currently allows PV customers to compare the FiTs available to them when comparing retail energy rates. This approach assists customers in making an informed choice about the offer



that best suits them, and is consistent with the Revised National Principles for Feed-in Tariff Arrangements¹. Given the high penetration of PV customers in South Australia's deregulated market, energy retailers have a strong incentive to offer competitive FiTs.

Should you wish to discuss the details of this submission, please contact me on (02) 8241 1800 and I will be happy to facilitate such discussions with my member companies.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Cameron O'Reilly', written in a cursive style.

Cameron O'Reilly
CEO
Energy Retailers Association of Australia

¹ COAG (2013), *Revised National Principles for Feed-in Tariff Arrangements*, 17 July 2013.