

ESCOSA - Response to the Review of the Solar Feed-in Tariff Premium

Overview

With the recent high uptake in residential solar in South Australia I call for the South Australian Government to legislate a fair feed-in tariff for all solar owners. Retailers should not be allowed to set their own tariffs. There should be regulated feed-in tariff premiums in SA. The evidence in NSW shows that deregulated feed-in tariffs reduce choice for consumers and competition between retailers - leaving consumers at the mercy of retailers. South Australia has already established a place as the leading solar state in Australia. Please ensure all solar owners in South Australia get a fair go.

Response to Additional Questions

Is it in the long term interests of the consumer for the commission to continue to regulate the Fit Premium?

Yes - I would suggest that the complexities of the issues and costs revolving around energy development & management makes it difficult to determine what energy retailers will do in relation to 'market value' of a FIT premium .

The movement and conditions entailed in a 'market price' or disparities of what the premium of what energy retailers will pay in regards to the unregulated FIT premium has the potential to create unnecessary variance confusion to household electricity bills and associated household budgets.

Whilst I didn't solely purchase solar for economic reasons, I based the purchase on the fact that it 'fixed' feed in tariffs would reduce my energy bill over the life of the system. Anything that complicates or introduces uncertainty to this current arrangement I see as a negative. As an independent body, ESCOSA can make a fair assessment of the FIT premium by considering all social, economic and environmental imperatives of energy use in South Australia. In this instance I believe the market mechanism cannot.

As a residential consumer and exporter of electricity, the overall export amount paid at present is 25.8c per kW, on average this represents roughly what I pay for electricity. I would prefer an independent body like ESCOSA monitor the FIT premium rather than allow for market forces.

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

I think as a consumer, varied & different amounts for the current 9.8c/kWh FIT premium would make it more confusing for an average person to make an educated decision in regards to choosing a suitable energy provider. For example, when making a recent assessment on my own energy retailer, I used the Federal Government 'Energy Made Easy' website, whilst it was a good tool to use to compare products. I found that the solar tariff to be the only variable which was the same between providers. Despite the 'Energy Made Easy' website being a good aid in comparing products, it should be noted that it does not provide all the deals that energy provider's offer. Thus comparison, one again becomes confusing to the consumer. The recent development of this website seems recognises that fact that there is a high amount of confusion when comparing energy retailers.

I would suggest there are already enough variable in relation to comparing electricity providers, having the solar export element at the same rate 25.8c per kw/h with all energy retailers is a good thing and ESCOSA should be responsible for fixing the overall rate for a reasonable length of time as to not confuse consumers.

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

I am not entirely sure. In my experience I believe competition by energy providers is great for electricity in SA (not so much competition for gas). I have found energy providers (especially your current electricity provider) are not usually willing to provide a 'cost competitive' item unless you tell them you are going to go with another provider.

Profit is the ultimate aim of energy retailers & infrastructure providers, which is fine. But the inclusion of unnecessary complexities in order understanding the financial costs of the 'deals' of electricity retailer is often quite confusing and sometimes misleading to the average consumer. I have noticed a distinct lack of professional integrity and questionable customer services by some providers I think in real terms these points, limits or at the very least inhibits the amount of 'real competition' between electricity retailers. This incurs its own financial costs upon society & government services (e.g. more complaint to Energy Ombudsman, social services become constrained in implement associated energy/money & financial counselling).

Whilst ESCOSA has many other mechanisms it can use to assist in energy process, there need to be consistency in it legislative requirement, in this case as derived from initial intentions of the SA solar feed in scheme and possible sustainability links/objectives with the states strategic plan.

As mentioned previously I would suggest that the current financial arrangements feed in tariff appear to be fair and closely reflect retail current electricity process. I know that not everybody stakeholder would agree with my point of view, but I would maintain that the creation of an environment where energy providers and retailers can embrace innovation and change is important to Australia social, economic and environmental future and it could be argued overall global competitiveness.

Does the benefit of setting a regulated FIT Premium outweigh the associated cost? Are there other regulatory approaches that should be considered by the commission rather than directly determining the regulation of the FIT premium.

I am not sure. Assuming the costs are not too great it would be worth it for the sake of consumer protection and simplicity.

Conclusion

I don't think solar owners should be penalised because of associated logistical concerns and financial expenses to allow for the necessary innovation and challenges in addressing energy management, demands and costs. The recent 20% uptake of residential Solar in SA could suggest that the people see solar as one viable means to the future of South Australia energy security and economic stability. I see the deregulated feed-in tariffs as negative by many of SA's residential solar owner, especially new owners who are on the current 16c government rebates (or in future 0c government contribution). I see regulation in this instance as an opportunity where innovation and mediation by ESCOSA can show some leadership in relation to the overall values it represents on behalf of all South Australian's.

Please note these are my views derived professional and personal experiences as a residential solar owner. However, these points of view I raise in no way reflect the views where I currently work, they are only my own personal points of view.