

MEDIA RELEASE

Solar PV customers proposed to receive lower premium due to wholesale electricity cost reductions



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ESCOSA has released a draft determination for the electricity solar feed-in tariff premium (FiT Premium) payable by retailers, to apply from 1 July 2013.

All small customers with eligible photo-voltaic (PV) generators are entitled to receive an amount (the FiT Premium) as determined by ESCOSA and payable by electricity retailers. The FiT Premium must be paid by retailers *in addition* to the feed in tariff (FiT) of 44 cents per kWh (for pre-October 2011 eligible PV installations) and 16 cents per kWh (for post-October 2011 eligible PV installations) payable by SA Power Networks.

CEO Paul Kerin said “The FiT premium reflects the fair and reasonable value to a retailer of electricity fed into the network by PV generators and all retailers selling electricity to small customers eligible to receive the FiT premium will be required to pay the amount.”

ESCOSA proposes that the value of the FiT premium to apply from 1 July 2013 to 31 December 2013 be 9.8 cents per kWh, revised from the previously determined 11.2 cents per kWh. The revised premium reflects the reduction in the value of wholesale electricity relative to the value that was forecast under ESCOSA’s 2012 FiT premium determination.

Under ESCOSA’s proposed determination, the FiT premium will be reset on 1 January of each year using a set methodology. Paul Kerin said “The reason for moving the reset date to 1 January is to ensure that the FiT Premium is set using the most up to date information towards the end of each calendar year, including forecasts made by the Australian Energy Market Operator (AEMO)”.

Paul Kerin advised “The proposed amount represents the minimum FiT premium that must be made available to PV customers. Electricity retailers may voluntarily pass on a higher amount as part of their unregulated market offers.”

He added that “It is important to ensure that the FiT premium reflects current expectations of the value of wholesale energy. If ESCOSA did not lower the FiT premium from the 11.2 cents per kWh that would ordinarily apply from 1 July 2013, energy retailers would be paying an amount that is higher than the value of the energy fed in, and retailers may not compete vigorously to serve solar PV customers and/or may look to recover those additional costs from other consumers, placing upward pressure on energy prices to all customers.”

Submissions on the draft determination are due by close of business Monday 22 April 2013. ESCOSA will have regard to all submissions in making a Final Determination of the FiT Premium, which will be released on 24 June 2013 for prices to apply from 1 July 2013.

The draft determination and a summary Fact Sheet can be accessed at www.escosa.sa.gov.au.

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The Essential Services Commission is the independent economic regulator of essential services in South Australia. The Essential Services Commission's primary objective is the protection of the long-term interests of South Australians.

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