

Solar feed-in tariff benchmark 2023-24

28 April 2023

For 2023-24, the all-day solar feed-in benchmark is 7.7 to 9.4 c/kWh

IPART forecasts that your solar exports will be worth 7.7 to 9.4 c/kWh in 2023-24 when you export it into the grid.^a Your retailer may offer you a feed-in tariff within this range. However, they are not required to. They may choose not to offer you a solar feed-in tariff, or they may offer you a tariff at a different level.

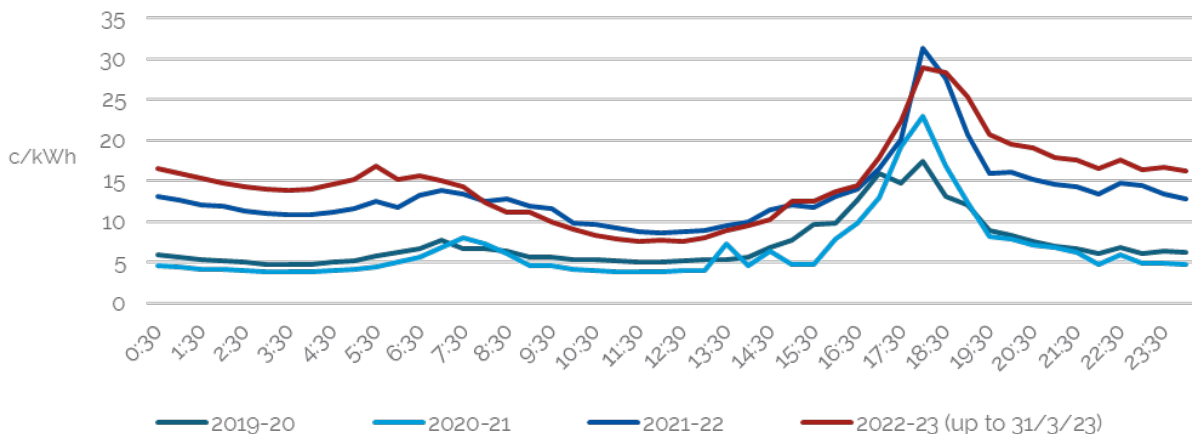
You can compare rates on the Commonwealth Government [Energy Made Easy](#) website. Some plans with high feed-in tariffs may have conditions attached, or be paired with higher retail prices, so you need to look at the entire energy plan, as well as your electricity consumption and solar exports when considering which plan is best for you.

Increasing wholesale prices have driven higher benchmarks over the last 2 years

We estimate the value of solar electricity based on the forecast wholesale price of electricity when solar is exporting to the grid. This is what retailers would have paid if they had bought the electricity from the National Electricity Market. The chart below shows that the average annual wholesale prices have increased significantly over the last 2 years. The increases are mainly due to the war in Ukraine which has led to higher gas and coal prices, and disruptions in several large coal-fired power plants. This has meant our feed-in tariff benchmark has increased over this time – it is up from around 5 cents in 2021-22.

However, retail prices have increased by even more than the wholesale value of solar exports. This is because a large portion of the increase in retail prices is being driven by much higher wholesale costs in the evening and night-time when there is very little electricity being generated from solar panels. The chart below shows that wholesale costs in the middle of the day have increased to a lesser extent, which means that the value of solar exports has not risen by as much as wholesale costs overall.

Average wholesale prices by time of day (c/kWh)



^a This is similar to the 2022-23 benchmark of 6.2 to 10.4 c/kWh, which reflects that wholesale prices are forecast to stabilise.

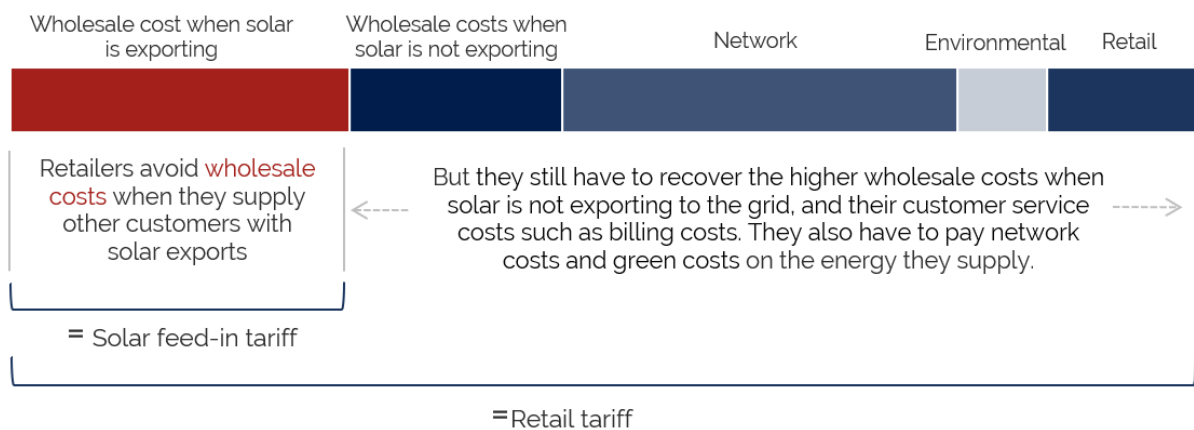
Why our benchmark is lower than the retail price of electricity

Households are paid for the wholesale electricity that they provide into the grid. However, when this electricity is supplied to other households, retailers must pay charges on each kilowatt hour recorded by their meter. The main charges are to the network operator for using the energy grid. This can be more than 10 c/kWh.

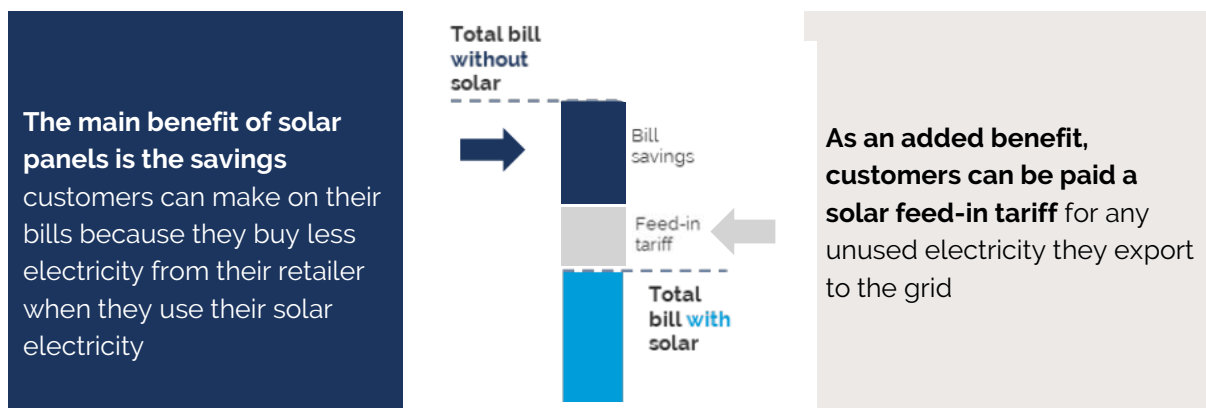
Retailers also must recover other costs, including:

- the difference between wholesale costs when solar is exporting to the grid and their average wholesale costs, which are higher
- their environmental obligations to purchase renewable energy, demand reduction certificates, and paying into the climate change fund
- their billings services, running their call centres, and other operations.

When these costs are added up, the retail price of electricity is significantly higher than just the cost of the wholesale energy supplied into the grid by households.



Because the retail price is higher than solar-feed tariff, for most customers the biggest benefit of solar panels will be the savings on your bill when you use their solar electricity to power your home instead of buying this electricity from your retailer.



Could IPART set a higher feed-in tariff benchmark?

A higher feed-in tariff would need to be paid for by charging higher prices for electricity. This could mean that customers without solar panels would pay more overall. Many of these customers are unable to install solar because they rent or live in an apartment.