

Solar feed-in tariff benchmark range for 2024–25

28 May 2024

For 2024–25, the all-day solar feed-in benchmark is 4.9 to 6.3 c/kWh

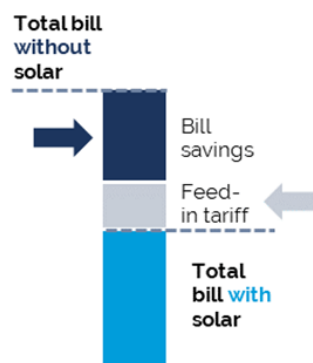
IPART forecasts that your solar exports will be worth between 4.9 to 6.3 c/kWh in 2024–25. Your retailer may offer you a feed-in tariff within this range, however they are not required to. They may choose not to offer you a solar feed-in tariff, or they may offer you a tariff at a different level.

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

The main benefit of solar panels is saving on your energy bill

Because the retail price of electricity is higher than a solar-feed tariff, the biggest benefit of solar panels is saving on your energy bill when you use solar electricity to power your home instead of buying this electricity from your retailer.

The main benefit of solar panels is the savings customers can make on their bills because they buy less electricity from their retailer when they use their own solar electricity.



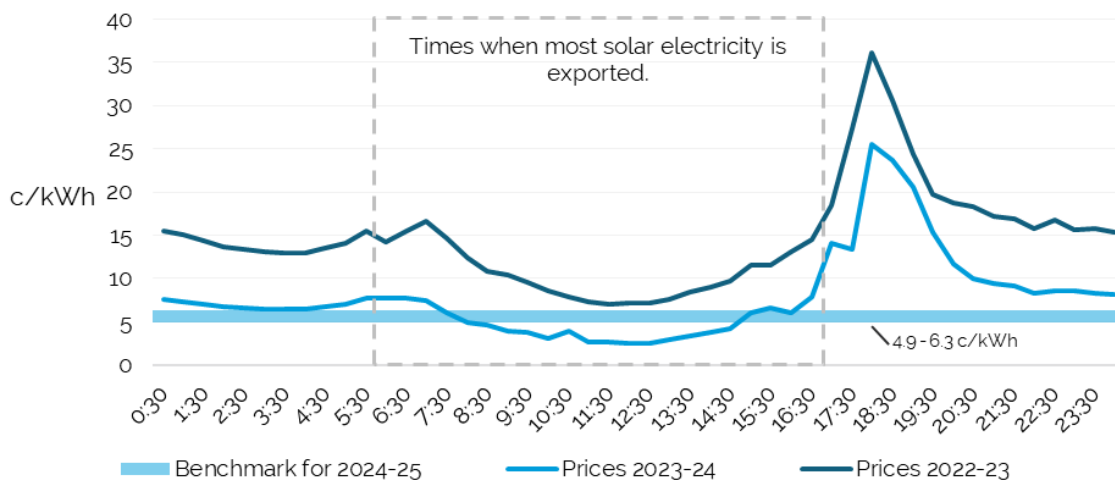
As an added benefit, customers can be paid a solar feed-in tariff for any unused electricity they export to the grid.

Lower wholesale electricity prices have reduced our benchmark ranges for 2024-25

We estimate the value of solar exports based on our forecast of the wholesale price of electricity at the times solar is exporting to the grid. This occurs mainly between 6 am and 5 pm. This is what retailers would have paid if they had bought the electricity from the National Electricity Market.

Our benchmark range of 4.9 to 6.3 c/kWh for 2024-25, is lower than the benchmark range of 7.7 to 9.4 c/kWh we set for 2023-24. Wholesale electricity prices rose sharply over 2022-23 due to rising energy input costs from coal and gas. Since then, wholesale electricity prices have come down, particularly during the middle of the day when solar is exporting to the grid. These prices have fallen mainly due to increasing solar penetration from rooftop solar and large-scale renewable projects. In addition, coal and gas prices have declined from their peak. This has resulted in lower forecast wholesale electricity costs for 2024-25 and a lower solar feed-in tariff benchmark range.

Average wholesale electricity price by time-of-day and benchmark range for 2024-25



Note: The 'Prices used for each year' are the average prices over the previous financial year.
 Source: Australian Energy Market Operator, IPART analysis.

Why our benchmark is lower than the retail price of electricity

Households are paid by their retailer for the solar electricity they export to the grid. However, when this electricity is supplied to other households, retailers must pay charges on each kilowatt hour they supply. The main charges are those paid to the network operator for using the energy grid. These can be more than 27 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 billing services, running their call centres, and other operations.

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



Could IPART set a higher feed-in tariff benchmark?

A higher feed-in tariff would need to be paid for by charging customers higher prices for electricity. This means that customers who don't have solar panels would end up paying more overall. Many of these customers are unable to install solar because they rent or live in an apartment.