

Solar feed-in tariffs

15 June 2021

Solar panels provide numerous benefits to consumers and assist with reducing carbon emissions to help meet the NSW Government's target of net zero emissions by 2050.



Based on an Ausgrid customer with a 5 kW solar system, and consuming 5,100 kWh per year.

Every year IPART sets [solar feed-in tariff benchmarks](#) to provide a guide to NSW customers about what their solar exports are worth. This helps them understand what they might expect to be paid by their retailer for their solar electricity.

IPART's benchmark range for 2021-22 is 4.6-5.5c/kWh

- In NSW, electricity retailers are not required to set a feed-in tariff within IPART's benchmark range. Retailers can choose whether or not to offer a solar feed-in tariff, and the rate that they offer.
- It is important for customers to shop around. Customers can compare rates on the Commonwealth Government [Energy Made Easy](#) website.
- The offer with the highest feed-in tariff may not be the best overall deal, as some high feed-in tariffs may also be paired with higher retail prices. Customers should consider their entire energy plans.

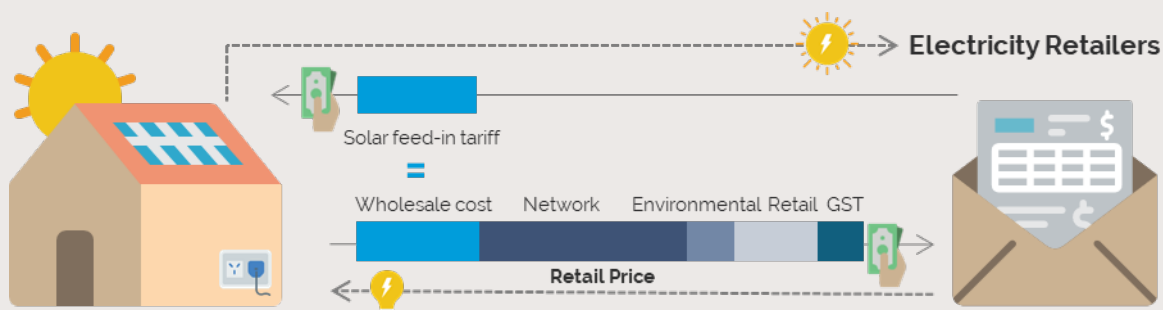
IPART's benchmark is based on the wholesale price of electricity

When households export their solar electricity to the grid, retailers can use this electricity to supply other customers. IPART sets the solar feed-in tariff benchmark based on the forecast wholesale price of this electricity. This is the price that retailers would have paid for this electricity if they had bought it from the National Electricity Market.

Wholesale electricity is only one of the costs to retailers of supplying electricity. Retailers also have to pay network and environmental charges on all the electricity that they supply, and recover their retail costs. This is why the feed-in tariff is lower than the retail price of electricity.

What you get for feeding your electricity into the grid

Solar feed-in tariffs are based on the wholesale costs of electricity. You get paid for the excess wholesale electricity that you generate.



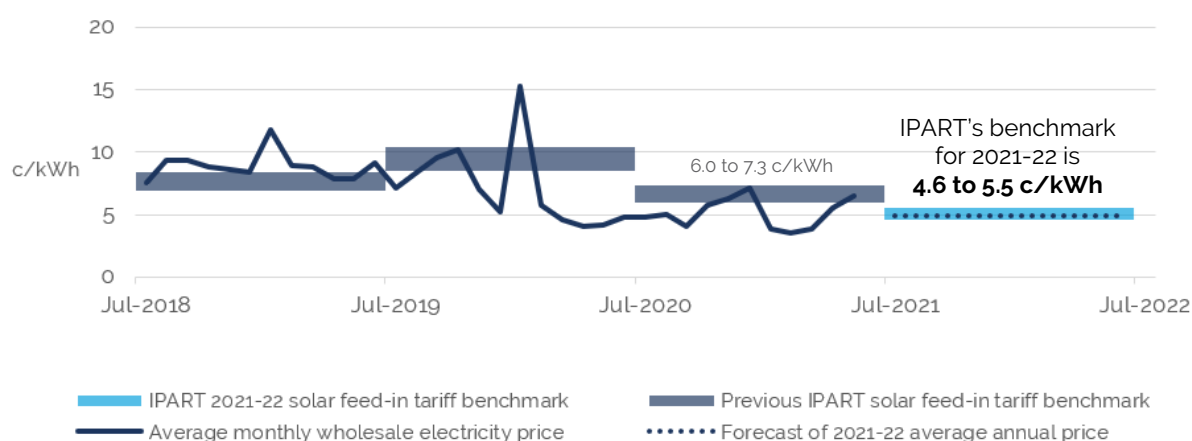
What you pay for when you buy electricity

Your retail price includes costs for using the network, environmental charges and retailing services in addition to the wholesale costs of electricity.

By using the electricity that you generate, you can save on the full retail costs of buying electricity. This is more than the feed-in tariff revenue you would receive from exporting it to the grid.

The benchmark is expected to remain lower than it has been in the past

The solar feed-in tariff benchmark has fallen in recent years as wholesale prices have reduced. More generation capacity – particularly from solar panels – has resulted in these lower prices. As more customers export their excess solar electricity and increase the supply of electricity available during the day, the value of this electricity is likely to remain low in future years.



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.