

25 May 2021

Ms Liz Livingstone
Ms Deborah Cope
Ms Sandra Gamble
Independent Pricing and Regulatory Tribunal
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Submitted electronically: [IPART - Lodge a submission \(nsw.gov.au\)](https://www.ipart.nsw.gov.au)

Dear Ms Livingstone

IPART Benchmark Feed-in Tariffs 2021-22 to 2023-24

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia welcomes the opportunity to comment on IPART's benchmark Feed-in Tariff (FiT) 2021-22 to 2023-24. We think it is vital to provide more forecast information to customers on the real value of solar exports, with this facilitating informed investment decisions.

We therefore believe the solar multiplier used by IPART in its calculations should be expanded from the recorded actual export data provided from 2018-2020 to include a projected multiplier for 2020-2022. This will ensure that an increased adoption of solar and the estimated continued negative impact on FiT values is considered within IPART's benchmark FiT.

Table 3 All-day solar multipliers for the 3 networks

	Ausgrid	Endeavour	Essential
2019-20	0.86	0.83	0.86
2018-19 to 2019-20	0.91	0.88	0.93
2017-18 to 2019-20	0.94	0.92	0.95
Selected value – midpoint of min and max values	0.90	0.88	0.91

Source: IPART analysis based on export data provided by Endeavour Energy, Essential Energy and Ausgrid for financial years 2018 to 2020.

Pg12, Table 3, Review of solar feed-in tariff benchmarks Methodology IPART draft report (Apr 2021)

In the table above, IPART have considered the midpoint of the min and max values for recorded export data in 2018-2020.

Solar Multipliers by year

Year	Ausgrid	Endeavour	Essential	
FY18	1	1	0.99	
FY19	0.96	0.93	1	
FY20	0.86	0.83	0.86	
FY21	0.8	0.75	0.82	Projected
FY22	0.73	0.67	0.76	Projected

We have backcalculated to establish each individual year's multiplier from IPART's data, and then extrapolated out the recorded export data to project the solar multiplier for 2021-2022.

Solar Multipliers averaged across years

Period	Ausgrid	Endeavour	Essential
2021-2022	0.73	0.67	0.76
2020-2022	0.77	0.71	0.79
2019-2022	0.80	0.75	0.81
2018-2022	0.84	0.80	0.86
2017-2022	0.87	0.84	0.89
midpoint of min and max	0.80	0.76	0.83

We have then used the averaging approach consistent with IPART, which is intended to smooth out anomalies from individual years; however, we have expanded this to include our projections for 2021-22. While we appreciate that projections hold less value when compared with actual data, we believe applying the midpoint of the min and max calculation is an acceptable allowance when balancing accuracy with forecasting.

Table 1 Components for the draft all-day solar feed-in tariff benchmark range 2021-22

Benchmark component	Value
Forecast wholesale electricity price range	4.6 to 6.1 c/kWh
<i>ASX futures baseload contracts for the 12-month period 2021-22 using the 40-day average price (including 5% adjustment to remove contract premium)</i>	4.6 c/kWh
<i>ASX futures baseload contracts for the 12-month period 2021-22 using a volume-weighted average of all historical trades</i>	6.1 c/kWh
Solar multiplier range	0.88 to 0.91
<i>Ausgrid</i>	0.90
<i>Endeavour Energy</i>	0.88
<i>Essential Energy</i>	0.91
Network loss factor	1.06
NEM fees and ancillary charges	0.09 c/kWh
Solar feed-in tariff benchmark range	4.4 to 5.9 c/kWh

Note: Prices taken at 12 April 2021. For our longer-term historical average, the trades available were up to 21 months.

Source: IPART analysis

Benchmark component	Value c/kWh
Forecast wholesale electricity price range	4.6 to 6.1
<i>ASX futures baseload contracts for the 12-month period 2021-22 using the 40-day average price (including 5% adjustment to remove contract premium)</i>	4.6
<i>ASX futures baseload contracts for the 12-month period 2021-22 using a volume-weighted average of all historical trades</i>	6.1
Solar multiplier range	0.76-0.83
<i>Ausgrid</i>	0.80
<i>Endeavour Energy</i>	0.76
<i>Essential Energy</i>	0.86
Network loss factor	1.06
NEM fees and ancillary charges c/kWh	0.09
Solar feed-in tariff benchmark range	3.8 to 5.7

While the benchmark range may not appear significantly different from the 2021-22 FiT benchmark in IPART's draft determination of 4.4 to 5.9 c/kWh, it does provide more information to prospective and existing solar customers about the expected reductions in FiT values.

Essentially this is the vital aspect of our concerns, customers need to be better informed about what value they can expect from their solar systems. The responsibility for advertising this has largely fallen on retailers, by way of the FiT rates that are offered. It is understandable that customers are wary when retailers advise of reducing FiTs, we therefore request IPART to consider how it publicises the final decision to prioritise far-reaching availability and an absorbable understanding of the information.

If you would like to discuss this submission, please contact me on [REDACTED] or [REDACTED]

Regards

Travis Worsteling

Regulatory Affairs Lead