



22 March 2024

Jonathan Gawthorne
Solar feed-in tariff benchmarks
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop, Sydney NSW 1240

Email: [REDACTED]

Dear Mr Gawthorne,

Solar Feed-in Tariffs benchmarks for 2024-25

Origin Energy (Origin) welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART) issues paper on the benchmark range of solar feed-in tariffs (FiTs) to apply for 2024-25.

Origin considers that the existing methodology used to determine the New South Wales solar FiT benchmarks remains appropriate for calculation of the 2024-25 benchmarks.

We consider that the current approach to forecasting wholesale electricity prices, incorporating historical trades of ASX energy futures, provides a reasonable reflection of retailers' actual practices in purchasing electricity. Applying this methodology aligns the supply tariff for solar exports with the supply tariff from the grid and therefore provides consistency with the solar tariffs that retailers set.

We acknowledge that the solar multiplier has declined significantly in recent years reflecting the weakening relationship between the average wholesale price across the whole day and the average wholesale price when solar is exporting. This is to be expected given the increased solar PV penetration in recent years has decreased demand for and increased the supply of electricity during export periods. We believe the current method for determining the solar multiplier remains appropriate as it reflects observable market conditions when exporting and is both transparent and replicable.

In relation to the number of years of data, the current IPART approach utilises historic data to determine the solar multiplier with more weight attached to the most recent data. Our expectation is that the trend in solar PV penetration will continue, and the resultant benchmark tariffs may therefore be overstated. To more accurately reflect this trend, IPART could consider using only the most recent year of historical data to capture up to date conditions in the market. However, reliance on the most recent year may also fail to provide an accurate representation, particularly if one-off events occurring during the year (such as weather or power outages) are not appropriately factored into the analysis.

Alternatively, IPART could adopt a forward-looking approach and extrapolate the current trend in solar PV penetration to determine the solar multiplier for 2024-25. However, such an approach involves considerable judgement and may inadvertently disadvantage current exporters (and potential solar PV investment) if expectations do not eventuate.

Given these considerations, we believe that the current approach utilising three years of historic data to determine the solar multiplier is pragmatic and remains appropriate for 2024-25. While we consider that this is likely to understate the extent of solar PV penetration (and benchmark tariffs), we acknowledge that any lag in solar multiplier calculations will effectively be captured in future IPART feed-in tariff estimates.

If you have any questions regarding this submission, please contact [REDACTED] in the first instance at [REDACTED]

Yours sincerely

[REDACTED]

Sean Greenup
Group Manager Regulatory Policy
[REDACTED]