



Chris Hartcher MP
Minister for Resources and Energy
Special Minister of State and
Minister for the Central Coast

sent to 1/7/13
COPY

V13/1051

Dr Peter Boxall
Chairman
Independent Pricing and Regulatory Tribunal
PO BOX Q290
QVB POST OFFICE NSW 1230

Dear Dr Boxall

I write with regard to the Independent Pricing and Regulatory Tribunal (IPART) setting both the retailer contribution for the Solar Bonus Scheme (the Scheme) and a fair and reasonable benchmark tariff for electricity exported from a complying generator to the distribution network, on an ongoing annual basis.

Pursuant to section 43ECA of the amended *Electricity Supply Act 1995*, I refer the attached Terms of Reference to IPART for determination.

The annual determinations are to be provided as soon as practicable following approval of regulated retail prices.

This work will give ongoing effect to key recommendations in IPART's report 'Solar Feed-in tariffs: setting a fair and reasonable value for electricity generated by small-scale solar PV units in NSW'.

I would appreciate you providing information to Resources and Energy detailing your fee for this service ahead of invoicing.

If you require further information, I have arranged for Ms Kate Norris, Manager, Sustainable Energy, Division of Resources and Energy, to assist you. Ms Norris may be contacted on (02) 8281 7382.

Yours sincerely

Chris Hartcher MP
8.4.13

TERMS OF REFERENCE

Annual investigation and determination by IPART of a retailer benefit component and benchmark range for feed-in tariffs

Reference to IPART under section 43ECA of the *Electricity Supply Act 1995*

I, Chris Hartcher, Minister for Resources and Energy, refer to the Independent Pricing and Regulatory Tribunal (IPART) under section 43ECA of the *Electricity Supply Act 1995* (the Act) for investigation and determination:

- 1) The retailer benefit component payable by a retailer to a customer for electricity produced by a complying generator and supplied to the distribution network by a customer under the Solar Bonus Scheme (the retailer contribution); and
- 2) The benchmark range for solar feed-in tariffs paid by retailers for electricity produced by complying generators and supplied to the distribution network (the benchmark range).

Conduct of investigation

In making its determination on the retailer contribution, IPART should have regard to the direct financial gain to retailers method including discounts for market offers as set out in its final report *Solar feed-in tariffs: setting a fair and reasonable for electricity generated by small-scale solar PV units in NSW* (March 2012) (the Final Report).

In making its determination on the benchmark range IPART should use the methodology adopted in its 2012/13 determination. IPART should take into account:

- its modeling of the wholesale market value for the relevant year as set out in its Final Report; and
- the direct financial gain to Standard Retailers for the relevant year.

In conducting this investigation IPART is to consider the following key parameters:

- there should be no resulting increase in retail electricity prices;
- the benchmark range should operate in such a way as to support a competitive electricity market in NSW.

Consultation

IPART must undertake such consultation as is required under the Act and may undertake such further consultation as it considers appropriate.

Timing

IPART is to complete the investigation and provide its determination as soon as practicable following approval of regulated retail prices.