

NSW solar feed-in tariff benchmark under review

The Independent Pricing and Regulatory Tribunal (IPART) is consulting on its approach to setting benchmark solar feed-in tariffs to reflect changes in supply and demand as solar penetration has increased in NSW.

Electricity retailers in NSW set their own feed-in tariffs, with IPART providing a benchmark range each year as a guide for retailers and solar customers on the likely value of electricity exported to the grid from solar panels.

IPART Chair Dr Peter Boxall said the benchmark reflects the savings retailers are likely to make when they receive electricity generated by solar customers instead of purchasing the equivalent electricity on the National Electricity Market.

“Our benchmark range from 1 July 2018 will need to take account of forecast changes in wholesale prices, which are expected to fall next year,” Dr Boxall said.

“At this stage, the benchmark range is likely to be lower than it is currently. This is because forecast wholesale prices have fallen from an average of around 11 cents to around 8-9 cents per kilowatt hour, which is good news for all electricity consumers.”

Dr Boxall said that for most solar customers, feed-in tariffs have less of an impact on electricity bills than the retail price of electricity, because customers still need to purchase electricity at night or on cloudy days when the sun is not shining.

“We encourage customers to compare offers using the Australian Government’s Energy Made Easy website, and to take into account their electricity consumption and as well as solar exports,” he said.

Dr Boxall said even though the value of electricity changes at different times of the day, NSW retailers are not currently offering time-of-export pricing with different feed-in tariffs for peak and off-peak times.

“Around 10% of NSW households and small businesses now have solar panels which is shifting peak prices later in the day,” Dr Boxall said. “The expected increase in batteries is likely to lead to further changes to the times of day energy is being exported to the grid.

“We need to consider how these changes affect solar feed-in-tariffs, and what feed-in tariff could be paid to those able to supply electricity to the grid at times of higher demand.”

Key issues under consideration in the IPART review include:

- Which historical data should be used to help forecast benchmark prices
- Options for setting the benchmark range to capture the time of day that solar is exported

The Issues Paper is available from IPART's website. Submissions close on 16 April 2018.

IPART will release a draft report in early May, and will hold a public hearing on 15 May 2018. A Final Report is due to the NSW Government by 30 June 2018.