

2018-19 draft solar feed-in tariff benchmarks released for NSW

The Independent Pricing and Regulatory Tribunal (IPART) is proposing a benchmark **all-day** solar feed-in tariff of 7.5 cents per kilowatt hour for 2018-19.

Releasing the draft benchmark for comment today, IPART Chair Dr Peter Boxall said the all-day benchmark is around 40% lower than the current all-day benchmark of 12.8 cents, consistent with expected falls in the average wholesale cost of energy.

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

IPART is also proposing time-varying feed-in benchmark ranges that reflect the value of solar exports at different times of the day as follows:

- 6.9 to 7.2 c/kWh between 6.30 am and 3.30 pm (when 90.8% of solar exports occur)
- 8.9 to 11.7 c/kWh between 3.30 pm and 4.30 pm (when 5.8% of solar exports occur)
- 11.3 to 13.3 c/kWh between 4.30 pm and 5.30 pm (when 2.6% of solar exports occur)
- 12.8 to 20.9 c/kWh between 5.30 pm and 6.30 pm (when less than 1% of solar exports occur)
- 8.7 to 9.6 c/kWh between 6.30 pm and 7.30 pm (when virtually no solar exports currently occur).
- 8.4 to 8.5 c/kWh between 7:30 pm and 8:30 pm (when virtually no solar exports currently occur).

IPART Chair Dr Peter Boxall said the value of solar exports is highest between 5:30 pm and 6.30 pm.

“While solar customers have a limited ability to respond to high feed-in tariffs in the late afternoon, they provide a price signal to customers with batteries, or considering purchasing batteries, about when they should export their energy to the grid,” Dr Boxall said.

“This signal will become more important over time as battery prices fall and their uptake increases.”

IPART’s benchmarks are based on the price that retailers would pay for this electricity if solar exports were sold into the wholesale spot market in the same way as electricity produced by other generators.

“If retailers were required to pay more for solar exports than they pay for wholesale electricity on the NEM, retail prices for all customers would need to be higher to recover the difference,” Dr Boxall said. “The result would be higher electricity prices for all households, including those that are unable to install solar panels, such as renters and households who cannot afford the upfront costs.”

“The bills for households with solar panels are already hundreds of dollars lower than households without solar, because by generating electricity themselves, they can avoid buying some of this electricity from their retailer”.

Stakeholders are invited to provide their feedback to our Draft Recommendations at IPART’s Public Hearing to be held at the IPART Offices on 15 May at 10 am.

Submissions on the proposed benchmarks are being accepted until 4 June. IPART will provide its Final Report to the NSW Government by 30 June 2018.

Solar energy fast facts:

- 10% of NSW households have solar panels
- All NSW energy consumers are paying an average of around \$15 per year to customers with solar panels to subsidise the upfront installation costs under the Small-scale renewable energy scheme (SRES)
- If all retailers paid an average solar feed-in tariff of 15 cents per kilowatt hour (or double the forecast average wholesale price across the day), their total annual costs would be an estimated \$59 million higher across NSW. To recover these additional costs from NSW households, the average annual household bill would need to increase by an estimated \$22.
- If all retailers paid an average feed-in tariff of 25 cents per kilowatt hour (equal to the current average retail price of electricity, and 19 cents above the forecast average wholesale price), their total costs would be an estimated \$137 million higher, and the average annual household bill would need to increase by \$50.