



28 September 2015

Dr Peter Boxall, AO
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

By email to ipart@ipart.nsw.gov.au

Dear Dr Boxall,

Solar Feed-in Tariffs Draft Determination – August 2015

AGL welcomes the opportunity to comment on IPART's *Solar feed-in tariffs – The subsidy-free value of electricity from small-scale solar PV units in 2015 – 16, Energy - Draft Report, August 2015 (Draft Determination)*.

AGL has previously provided a submission on the Issues Paper (June 2015) as well as participating in previous reviews on solar feed-in tariffs conducted by IPART.

For this Draft Determination, in assessing the wholesale market value of solar PV exports, IPART has applied the weighted average loss factor across the three NSW network areas – whilst using the solar profile based only on the Ausgrid area. AGL accepts that the relevant half hourly data is currently only available in the Ausgrid area. However, AGL considers that over the longer term, if IPART continues to have a role in setting the value of solar feed-in tariffs, it will be appropriate to monitor the availability of time-of use data in the other two network areas.

On the retailer contribution, IPART has adopted the 25% percentile of the wholesale market value. This is consistent with AGL's view. In this Draft Determination, IPART has proposed a 2015-16 retailer contribution of 4.9 c/kWh which is slightly below 2014-15 retailer contribution of 5.1 c/kWh. AGL notes that this is similar to the Victorian Essential Services Commission decision to set a feed-in tariffs for Victoria of 5.0 c/kWh for 2016.

On the benchmark range, AGL notes that IPART has continued to apply the approach used in the 2014-15 determination based on the wholesale market value of solar PV exports during a two-hour period when the solar premium is highest and during all other periods excluding the 2-hour period. In this Draft Determination, the 2015-16 benchmark range has narrowed to 4.4 – 5.8 c/kWh compared with the 2015-16 range of 4.9 – 9.3 c/kWh. Whilst AGL has some concerns with this approach, in AGL's view, the values of the 2015-16 range are reasonable for non-firm supply of energy.

IPART has also outlined a number of innovations in solar products in the Draft Report such as AGL's Solar Smart Plan and related products particularly, battery storage. AGL agrees with IPART's view that the structure of some of these products may mean that the traditional feed-in tariffs become less relevant over time.



Should you have any questions in relation to this submission, please contact Meng Goh

Yours sincerely,

Simon Camroux
Acting Head of Regulatory Strategy