

Review of Solar Feed-In Tariffs 2014 - 2015

SUBMISSION

Supporters of the Campaign For A 1 For 1 Solar Feed-In Tariff for NSW have joined the campaign to attempt to get a fair price for the electricity they produce and supply to the grid.

Campaign supporters understand that the NSW Government are reluctant to impose a full 1 for 1 feed-in tariff at this stage as it potentially would increase retail electricity prices in NSW and may involve the Government providing a component to ensure continued profitability in the electricity retail market.

Unfortunately many people in NSW, who have installed solar systems since the end of the Solar Bonus Scheme (SBS), have been at the mercy of their electricity retailer and have received nothing for their excess electricity. Even worse, some customers have experienced grotesque price gouging by their electricity retailer just because they have solar. This is unjust and needs urgent attention by IPART and the NSW Government.

We also note the Terms of Reference for this current review, but still consider the need to raise certain issues outside the scope to ensure that the issue remains live for any future review.

The Campaign For A 1 For 1 Solar Feed-In Tariff For NSW believes the following measures need to be implemented as part of the current review:

- **That there should be a mandatory minimum feed-in tariff for all NSW customers who have solar PV systems connected under net metering.**
- **That there should be penalties applied to electricity retailers/distributors that inflate retail or network charges for customers who have solar PV systems connected under net metering.**
- **That a fair, minimum (mandatory), feed-in tariff for all NSW customers be established at the rate of no less than 1/3 the retail electricity price offered to customers by the electricity retailer.**
- **That IPART, and the NSW Government, utilise the feed-in tariff as a mechanism to 'encourage' electricity retailers/distributors to provide residential battery storage solution to their customers to assist them to achieve fairer cost protection and to assist in smoothing the peak demand issues caused by wide scale uptake of residential solar.**

That there should be a mandatory minimum feed-in tariff for all NSW customers who have solar PV systems connected under net metering.

Noting the Terms of Reference, we will limit our argument on this issue to the fact that many NSW non-metropolitan electricity customers reside in area's whereby they are restricted to one, or

possibly two, electricity retailers which either do not provide a Feed-In Tariff (FIT) or only provide a minimal FIT as part of a contract with highly inflated usage charges.

We argue this is unjust and anti-competitive behaviour and that urgent action is required to protect these NSW energy user's.

That there should be penalties applied to electricity retailers/distributors that inflate retail or network charges for customers who have solar PV systems connected under net metering.

We note that in the last 12 month's there has been a push in Queensland, and other States, by electricity retailers to increase network access fees for their customers who have invested in installing solar PV in an effort to recover revenue from those customers who utilise less electricity from the grid.

We argue this is an abhorrent attempt by electricity retailers to punish customers who have actively invested in infrastructure that not only reduces their electricity demand from the grid, but provides additional generation during daylight hours thus reducing the need to purchase, and transmit, from outdated and costly 'old school' generation systems during daylight hours.

That a fair, minimum (mandatory), feed-in tariff for all NSW customers be established at the rate of no less than 1/3 the retail electricity price offered to customers by the electricity retailer.

We argue that the minimum FIT should be set at 1/3 of the retail usage price charged by the retailer and that this applies to ALL offer's or contracts.

We note that the average retail price in the Sydney metropolitan area is currently between 27c per KWh – 30c per KWh, and that the non-metropolitan price is between 30c per KWh – 35c per KWh.

Therefore to establish a fair price, and noting the costs incurred by retailer's & distributor's in supplying electricity to customers, we say the FIT for metropolitan customers should be 10c per KWh and for non-metropolitan customers the FIT minimum should be 11.5c per KWh.

This would provide an equitable return for all NSW customers who have solar PV connected to the grid under net metering, as well as provide an adequate profit margin for all NSW energy retailers.

That IPART, and the NSW Government, utilise the feed-in tariff as a mechanism to 'encourage' electricity retailers/distributors to provide residential battery storage solution to their customers to assist them to achieve fairer cost protection and to assist in smoothing the peak demand issues caused by wide scale uptake of residential solar.

We note this area is outside the Terms of Reference of the current review however we consider that IPART must investigate the potential benefits to the NSW electricity sector of the introduction of widespread residential battery storage.

A key argument by the electricity retailers and distributors in NSW against a higher FIT for customers since the closure of the NSW Solar Bonus Scheme has been the issue of 'Peaking' electricity demand resulting from those customers who have solar installed placing greater demand on the grid as their systems go off line as the sun goes down.

The electricity sector argues this places excessive demand on the network which requires electricity companies to operate generating systems at peak operating conditions longer.

Developments in residential battery storage overseas in the last 12 months have highlighted the benefits to not only the customer, but also to the electricity sector, which can not only result in cheaper electricity for customers but also reduce infrastructure maintenance costs for the electricity sector and address the issue of 'smoothing' the peak demand issue which causes the electricity sector to run 'old school' generating systems at peak needs longer.

A competitive, mandatory, FIT in conjunction with a residential battery storage leasing package (similar to the package offered by Vector Energy in New Zealand) has the potential to offer the following benefits:

- To contain, and possibly reduce, electricity charges long term for all NSW customers.
- To actively reduce the 'peaking' demand issue which occurs each evening and on overcast days, thus reducing the need to draw excessive electricity from coal fired, and other mainstream, generation systems.
- To move the electricity sector to a viable, and sustainable, long term operating model aimed at providing and maintaining residential solar PV systems and storage options which would reduce network costs long term.
- Actively encourage investment in the solar PV/storage industries in NSW and drive the NSW economy to be a world leader in the coming decades, thus ensuring greater investment and employment opportunities throughout the state.

We note that Horizon Power, in Western Australia, is now requiring all new customers who wish to install solar PV, to install 'smoothing' (batteries) technology. We believe NSW electricity retailers should be encouraged to provide a product which aids current solar PV customers to do this now as well.

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