

Ref: MR:JC:C1822187

23 January 2012

Solar feed-in tariffs
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Email: ipart@ipart.nsw.gov.au

Dear Sir/Madam

IPART Draft Report – Solar feed-in tariffs – Setting a fair and reasonable value for electricity generated by small-scale solar PV units in NSW

Essential Energy appreciates the opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART's) draft report – *Solar feed-in tariffs, Setting a fair and reasonable value for electricity generated by small-scale solar PV units in NSW*.

Essential Energy generally supports the findings and recommendations outlined by IPART in the draft report. Essential Energy wishes to reiterate that since the closure of the solar bonus scheme, Essential Energy has experienced a significant shift to net metering arrangements, driven by customers who are not entitled to the solar bonus scheme feed-in tariff. There is currently a strong incentive for customers to choose net metering options.

In the absence of a solar feed-in tariff that is above retail parity pricing, net metering will be the favoured option. Essential Energy believes it would be beneficial for gross metering to be the preferred metering arrangement. Under such arrangements, customers would still have the option to be billed on a gross basis or a net basis. Mandating gross metering would prevent the loss of valuable consumption and generation data but also provides customers with options and flexibility. Consumption and generation data under gross metering arrangements is useful to both the customer (system performance) and the network business (forecasting the future needs of the business).

Essential Energy wishes to draw IPART's attention to the recently released Australian Energy Market Operator's (AEMOs) *Information Paper – December 2011 – National Electricity Forecasting* which states *'If the annual demand data does not include rooftop solar generation ..., the underlying growth trends in residential and commercial demands will not be understood and the ability to forecast long-term changes to these sectors will be compromised'*¹. Although AEMO proposes that the

¹ AEMO 2011 *National Electricity Forecasting – Information Paper – December 2011* (pg. 17)

output from roof top solar can be estimated by the collection of system capacities the potential for either over estimation or under estimation may be critical for distribution businesses when forecasting energy consumption and demand.

Essential Energy welcomes IPART's recommendation for retailers to contribute to the solar bonus scheme via a mandatory retailer contribution of 7.5c/kWh from implementation until 30 June 2012 (and thereafter updated by the NSW Government with advice from IPART). Essential Energy looks forward to working with IPART and NSW Government on the design of the mechanism and implementation that will support this recommendation.

Essential Energy would be pleased to discuss this matter further. Should you require further information or clarification please feel free to contact Natalie Lindsay, General Manager Regulatory Strategy and Compliance, on 02 6589 8419.

Yours sincerely



Col Ussher

Executive General Manager Infrastructure Strategy