



Mr James Cox PSM, Acting Chairman,

Solar feed-in tariffs

Independent Pricing and Regulatory Tribunal

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SUBMISSION – SOLAR FEED ^{IN} ~~T~~ARIFFS

Attached is Table 4 p3 extracted from IPART Fact Sheet "Regulated Electricity tariffs for 1 July 2010 to 30 June 2013 – Final report" – Determination of electricity prices for customers of the Standard Retail Suppliers NSW.

Impact on typical annual electricity bills

The impact of our determination on customers' electricity bills depends on several factors, including how much electricity they use and which specific regulated tariff they are on. (See Attachment A for further information on typical customer bills for customers with different levels of consumption.) However, Table 4 illustrates the impact on a typical annual bill for residential customers in each standard supply area. It shows that by 2012/13, typical residential customers of EnergyAustralia, Integral Energy and Country Energy will be paying an additional \$754, \$577 and \$918 a year for electricity (respectively) if the CPRS is introduced.

Table 4 Indicative annual bill for typical residential customers in each standard supply area (nominal \$)

	Current (2009/10)	2010/11	2011/12	2012/13	Cumulative Increase with CPRS	Cumulative Increase without CPRS
EnergyAustralia	1,257	1,383	1,605	2,012	754	448
Integral Energy	1,258	1,343	1,535	1,835	577	246
Country Energy	1,446	1,629	1,908	2,363	918	601

Note: Bills exclude GST Forecast inflation is 2.4%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13, respectively. Calculations may not add due to rounding. Calculated using 7000 kWh per annum multiplied by the average price derived from the N+ R.

Applying "a fair and reasonable value" for the sample above for a feed in tariff is completely distorted for Country Energy customers when their cost of electricity is absurdly more expensive. How can this be justified?

Table 4 Indicative annual bill for typical residential customers in each standard supply area (nominal \$)

	Current (2009/10)	2010/11	2011/12	2012/13	Cumulative Increase with CPRS	Cumulative Increase without CPRS	Extra Payments Over 3 Years	Extra Cost
EnergyAustralia	1,257	1,383 +10	1,605 +70	2,012 +177	754	448	287	287
Integral Energy	1,358	1,343 -15	1,535 +20	1,835 +20	577	246	0	0
Country Energy	1,446	1,629 +286	1,908 +373	2,363 +522	918	601	1167	1167

Note: Bills exclude GST Forecast inflation is 2.4%, 2.7% and 2.7% for 2010/11, 2011/12, 2012/13, respectively. Calculations may not add due to rounding. Calculated using 7000 kWh per annum multiplied by the average price derived from the NLR.

Under the above circumstances, how can such a low feed in tariff of 6-8 cents/kWh be contemplated as proposed by Frontier economics who refer to averages/assumptions not reality. Why has IPART not recognised the GST associated with kWh charges? Why does IPART not recognise the service availability charges associated with metering etc which also incurs GST and accounts for a substantial portion of electricity bills.

I am vitally concerned as my service availability charge is 98c/day with Country Energy (Essential Energy) with one meter. How does that compare to Integral Energy's charges for one meter?

Referring to table above I have noted the large variance in the standard supply areas. My determination is based on "O" - lowest cost/standard supply area and no CPRS. Obviously the Country Energy (my area) bill is substantially higher than Energy Australia or Integral Energy. How is this so when Country Energy (essential Energy) and Integral Energy are both owned by Origin Energy? Also note the substantial extra GST added on to extra payment over the three years. Your table does not include the GST added in each case.

How can these price variances be justified and how can it be equitable to give a miserly 6-8 cents for a feed in tariff when these standard suppliers are only concerned with making a massive profit?

This does nothing to encourage people to become involved in solar grid connection. If the Government is serious about encouraging green energy it should in fairness give a more equitable solar feed-in rebate and IPART should recommend that it do so. Connection to the grid to obtain such a miserly rebate requires a considerable capital investment which only the Government and standard suppliers will obtain any benefit from so why would anyone even consider entering into such a one-sided arrangement.

There are no assumptions or averages in the Table above. They are actual figures supplied by IPART.

Reference is made to losses that are made in the supply chain the greater the distance from the generators. Is any consideration given to the proximity of Wallerawang and Mt. Piper power stations, west of the Great Dividing Range which are in Origin Energy's area.

An extract from page 4 of your fact sheet identified above states "We recognise that these bill increases are large and will be felt by customers, particularly low-income households. Further, they follow large price increases in July 2009. We do not welcome these price increases or their effect on customers. However, we have carefully considered all the information and views provided to us in submissions and gathered through our own investigations. We believe that the price increases we have determined are the minimum required to ensure that regulated electricity prices will reflect efficient costs, that the NSW retail electricity market will remain adequately competitive, and that the retailers will be able to finance their operations over the next 3 years, as required by our terms of reference.

We note that the NSW Government has introduced a \$272 million customer assistance package, and the Federal Government has indicated that it will offer compensation to assist households with the cost impacts of the CPRS if it is introduced. (What is the criteria for eligibility?) We also note that the State and Federal Governments provide incentives to households to their energy consumption and the Standard retailers offer advice on reducing consumption (obviously of no use as thousands are having their electricity cut off as they cannot afford even basic usage together with exorbitant daily service availability charges) However, even with this assistance from governments and efforts to reduce consumption by customers, households will be paying considerably more for electricity in the coming 3 years"

The fact remains that electricity, once considered an affordable necessity is now a luxury only available to the high salaried people who consider air-conditioning an everyday commodity while thousands will not even be able to put on a fan in summer or have heating in winter. Daily showers will not be affordable, and refrigeration and proper cooking of food will not be able to be undertaken. This will lead to many helpless people having to spend the heat of the day in air-conditioned shopping centres if they are near one and exist on scrappy meals lacking in nutrition. This is false economy on the Government's part and will result in higher medical costs. Surely this must be taken into consideration as well as the viability of the electricity suppliers.