Situation: Owner-occupier with 4Kw PV in Western Sydney receiving $0.60 gross-metered FIT - often generating more power than daily usage in 5 out of 12 months of the year.

If nothing changes with regard to the average retailer PV FIT payment rate of $0.06 or so per KW/hr, I will do 2 things when the current SBS expires in December 2016:

1: Ask my retailer to change my gross import/export meters to one net meter.
2: Install a battery to capture PV power and reduce power import from the grid.

Point 1 will increase overhead and customer-handling costs to power retailers and infrastructure providers, due to the number (potentially 135,000+) of gross-meter PV customers who will be in the same situation as me.

Point 2 will result in a significant and long-term reduction in the amount of power I would be demanding from the grid (10-12 Kw/hr per day), so any profit the retailer currently makes from me will essentially be transferred to the battery supplier, and when the battery is effectively paid off, that money becomes a cost saving to me instead of a profit to those in the power-supply chain. Moving to battery also removes my PV output from feeding into the grid, usually at the same time that NEM spot-prices are peaking, resulting in higher incremental generating costs for the retailer.

The currently-proposed FIT payment structure represents around 20-25% of the retail price - it needs to be closer to 90% of the retail price to encourage PV customers to stay with the status quo. This may well be be sustainable without recourse to arguing over retailers recouping fixed costs, in that exported PV has an implied value greater than generated power due to it's lack of transmission losses, and as PV's peak production occurs during times of late-afternoon high NEM spot-prices, it's possible that a FIT cost of 90% of the retail price would actually be less than the incremental peak cost of generated power.

I've read the explanation that retailers can't pay near-retail prices for exported PV because they need to recover fixed costs for "poles and wires" / "green scheme" / admin overhead. This argument appears false to me. Around 25%-30% of my current power bill is split out separately as a "service to property" line-item that's not dependent on the amount of power I imported/exported, so I expect that those fixed costs listed above would have already been covered by this charge.

Solution:
By offering customers a net FIT near to 80% of the retail price of imported power, the incentive for PV gross-fit customers to change meters and install batteries goes away:

1: The retailers and infrastructure providers will avoid the stampede of meter-changeover requests that are bound to occur around December 2016, along with the related paperwork and admin overhead of dealing with changes to billing for so many customers, throughout the power supply chain.

2: The installation of a home battery system is no longer perceived as necessary, as the PV customer is getting the financial equivalent of treating the grid as a battery.

The demand to the grid for retail power by people in my situation therefore remains unchanged and predictable, instead of declining away, and the retailers still make some long-term money from me after offsetting my export payments, instead of making close to none when I use all my generated power in-house. And, even at 80% of retail price, the retailers may still be getting most of my exported PV power for less than the incremental spot-price peak cost they would otherwise be paying for much of the day.