

AGL already offers 8 c/kW outside the solar bonus scheme. Retail customers should be able to shop around for an electricity retailer which will provide them with the most benefit.

However if prices are regulated for the electricity retail customers are charged for the electricity they consume, then I can see sense in regulating the price retail customers are paid for the electricity they supply to the network. Customers will still be happy for electricity retailers to offer attractive packages which are better than the regulated rates.

For consumers who would normally continue using a gross meter system (because they produce much more electricity than they use) a noticeable difference between the price charged for electricity used and the price paid for electricity supplied to the network, is likely to result in potentially highly inefficient usage of electricity if the consumer decides to convert to a net meter. The price divergence will tend to grossly distort energy usage in favour of highly wasteful energy usage.

There are therefore serious reasons for considering a price for electricity supplied to the network, that is commensurate with the price charged for electricity taken from the network.

Customers in this situation who switch to net metering will be encouraged to waste as much electricity as possible since they will be getting paid for their excess electricity much less than 50% of the price they would pay if they did not have excess electricity. Supplying electricity for much less than half the price you would pay to purchase it ... just does not make economic sense. The logical economic choice for such customers is to use more than twice as much of the excess electricity to achieve the same end. They will therefore become highly motivated to buy the oldest and most inefficient air-conditioners possible. They will buy and use the most inefficient electricity appliances (whether domestic or industrial) since they will have no incentive to maximise the excess electricity they could have otherwise (or previously) provided to the network. Such customers switching to net metering (when they only get paid less than half the rate they pay for electricity supplied) will simply negate the only logical objectives of the solar bonus scheme, or any other energy efficiency or renewable energy policy.

Therefore a price above 10c/kW should be seriously considered, and IPART should consider ways in which retailers can pay customers on gross meters a price very similar to the price they are charged for the electricity those customers consume. This would apply to consumers not part of the solar bonus scheme and to all customers after the end of the solar bonus scheme.

Forcing retailers to pay something from their own revenues to customers who are participants in the solar bonus scheme, not only will work against the affordability of AGL being able to continue paying its bonus 8 c/kW to such customers. It will detrimentally affect those customers who have done nothing wrong.

In addition some of those customers will already be paying GST on those 28 or 68 cents per kiloWatt. If those extra 8 cents are not paid, then the federal government ultimately will be missing out getting 10% back on that bonus 8c/kW (or other bonus paid by other retailers).

The NSW government saving a few cents in backing up the solar bonus scheme, will not necessarily be fully reflected in the overall benefit to the NSW government when its decreased GST revenues from NSW GST paying electricity customers is used as an argument by the federal government to return less GST revenue to NSW.

It would be desirable if the government were able to have retailers pay the GST on top of the solar bonus feed-in tariff to those customers who are sending it back to the government in GST revenue. The retailers add the GST on top of the cost of the electricity they supply, but they incorporate it into the feed-in tariff. Retailers are able to utilise the solar bonus scheme to disadvantage solar bonus scheme customers who are registered for GST.

Retailers say that the solar bonus scheme payments incorporate GST. Is this really the case? Does whoever provides the monies for the solar bonus scheme claim any GST credits? Do customers continue to pay GST on the full 20 or 60 c/kW even after retailers cease or reduce paying any bonus payments on top?

(1) Should those electricity customers not registered for GST receive a solar bonus feed-in tariff which excludes GST?

(2) Should retailers instead add the GST on top of the solar bonus scheme feed-in tariff for those customers who are registered for GST?

(3) Alternatively, should retailers instead of having to contribute 7.5 c/kW towards payments to solar bonus scheme participants, be only required to contribute a lesser sum midway (or otherwise) between either deducting or adding GST to the amount they are required to contribute?

Further to Mr Brimblecombe's submission regarding the electricity price during peak periods during the day, I wish to emphasise that PV installations which are operated by a solar tracker will have ongoing optimal output throughout the peak periods, as the panels will always be perfectly at right angles to the sun and with no shading. Therefore any FIT should reflect the benefit to the electricity retailer of having such electricity supplied by the PV installations in those elevated quantities during network peak periods for business consumption of such electricity.

Again this can impact upon the appropriate meters to be installed, but existing connections on gross meters (once the solar bonus scheme has ended) should hopefully be able to somehow survive with their existing meters and get a FIT appropriate to the electricity they contribute to the network during the times when commercial usage of electricity is at its greatest during the hottest parts of the day.

New connections can certainly have more specialised meters installed, but they will need to know what feed-in tariffs will be available so that informed decisions can be made. Solar tracker technology can significantly contribute to renewable energy availability during extended periods throughout the day when electricity usage on the entire network is at its greatest. The setting of an appropriate tariff should recognise the existence and value of such technology by paying what the electricity is actually worth during those periods of peak consumption on the entire network.