



28 September 2015

2015 Solar feed-in-tariff review  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240

Via online lodgement.

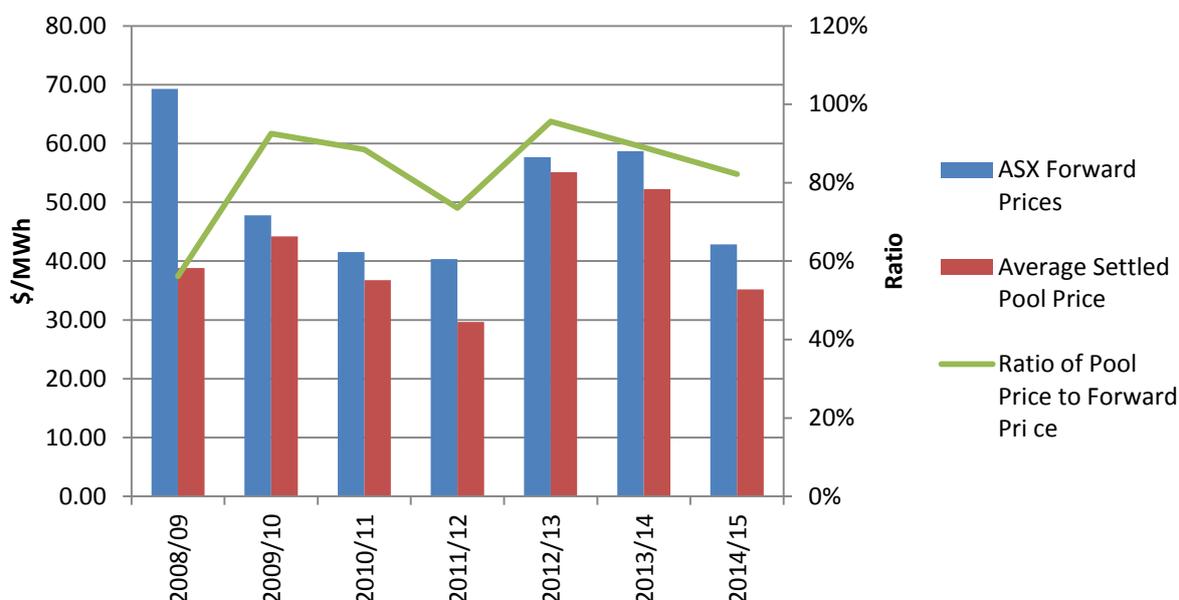
### Draft Report — Subsidy-free value of electricity from small-scale solar PV units from 1 July 2015

Origin Energy (Origin) welcomes this opportunity to respond to the Independent Pricing and Regulatory Tribunal's (IPART) Draft Report on the subsidy-free value of electricity from small-scale solar PV units from 1 July 2015.

Origin broadly supports IPART's draft determination of 4.9 c/kWh for the retailer contribution towards the cost of the subsidised feed-in tariffs.

However, Origin considers that IPART's assumed contract premium of 5 per cent does not reflect the true discount between spot market and contract prices. Origin has undertaken analysis comparing the relative premiums between contract prices and pool prices by comparing the difference between ASX forward prices for the year preceding contract start dates with settled pool prices from the AEMO Infoserver since 2008/09. Analysing this data within the 25th percentile of the wholesale market value of PV exports reveals a discount closer to 9 per cent. This is demonstrated in the below graph.

#### Comparison of NSW Contract Price to Settled Spot Price



For this reason, we consider there is sufficient evidence to support an increase in the contract premium to a level of the order of 9 per cent.

In terms of its data requirements for the estimation of solar premiums, we note that IPART agrees with Origin that their modelling needs to account for contingencies that place upward price pressure on half-hourly PV exports prior to 2013-14. To account for this upward pressure, IPART has decided to choose the 25<sup>th</sup> quartile rather than the median price for the value of solar PV at all times. We agree with IPART's decision to choose the 25<sup>th</sup> quartile and believe that it is a reasonable method to account for the difference in the value of solar energy in 2009-10 and 2010-11.

Origin would be pleased to discuss any matters raised within this response with IPART. Please contact Timothy Wilson (Retail Regulatory Analyst) .

Yours sincerely

Keith Robertson  
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