



The Hon Anthony Roberts MP
Minister for Resources and Energy
Special Minister of State

V14/1004

25 MAR 2014

Mr Peter J Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal
PO BOX Q290
QVB POST OFFICE NSW 1230

COPY

Dear Mr Boxall

I write with regard to the Independent Pricing and Regulatory Tribunal (IPART) setting the retailer contribution for the Solar Bonus Scheme (the Scheme) and setting a fair and reasonable benchmark tariff for electricity exported from complying generators to the distribution network.

Pursuant to section 43ECA of the *Electricity Supply Act 1995*, I refer the attached Terms of Reference to IPART for determination.

In developing the proposed Terms of Reference I have given consideration to:

- IPART's consultation under the existing Terms of Reference;
- the degree to which past benchmarking methods conform with the Council of Australian Government's *Revised National Principles for Feed-in Tariff Arrangements*;
- whether it is necessary to continue using the direct financial gain valuation method;
- observations, including consumer feedback, on the state of retail offers in the market; and
- allowing consideration of additional factors or changes to methodology where this might enhance the rigour or completeness of establishing a fair and reasonable value.

The determination for 2014/15 is to be available in June 2014 or as close as practicable afterwards.

If you require further information, I have arranged for Mr Andrew Lewis, Executive Director Energy, to assist you. Mr Lewis may be contacted on (02) 8281 7403.

Yours sincerely

Anthony Roberts MP
Minister for Resources and Energy
Special Minister of State

Encl.

TERMS OF REFERENCE

Investigation and determination by IPART of a retailer benefit component and benchmark range for feed-in tariffs

Reference to IPART under section 43ECA of the *Electricity Supply Act 1995*

I, Anthony Roberts, Minister for Resources and Energy, refer to the Independent Pricing and Regulatory Tribunal (IPART) under section 43ECA of the *Electricity Supply Act 1995* (the Act) for investigation and determination:

- 1) The component payable by a retailer to a customer for electricity produced by a complying generator and supplied to the distribution network by a customer under the Solar Bonus Scheme (the retailer contribution); and
- 2) The voluntary benchmark range for solar feed-in tariffs paid by retailers for electricity produced by complying generators and supplied to the distribution network (the voluntary benchmark range).

Conduct of investigation

In conducting this investigation IPART is to consider the following key parameters:

- there should be no resulting increase in retail electricity prices;
- the benchmark range should operate in such a way as to support a competitive electricity market in NSW; and
- the determination should be broadly in conformance with the Council of Australian Government's *Revised National Principles for Feed-in Tariff Arrangements*.

In making the determination on the retailer contribution and voluntary benchmark range, IPART should take into account the wholesale market value of the photovoltaic exports at the time of day of export. The value estimated should reflect the subsidy-free value of photovoltaic exports to a retailer.

Reporting

IPART is to report the feed-in tariff offered by each retailer at the time of writing its report and to note whether that tariff was within the benchmark for the preceding financial year.

Consultation

In making its determination on both the retailer contribution and the benchmark range, IPART may consult on any matter that it regards as material.

Timing

IPART is to complete the investigation and provide its determination in June of each year or as soon as practicable afterwards.

Definitions

"Solar Bonus Scheme" means the Scheme established under s.15A of the *Electricity Supply Act 1005*.