

FACT SHEET

Stakeholder submissions on IPART's review of options for solar customers after the Solar Bonus Scheme ends

November 2016

When the Solar Bonus Scheme (SBS) ends on 31 December 2016, more than 146,000 households who installed small-scale solar photovoltaic (PV) units under the scheme will stop receiving the subsidised feed-in tariffs.

The Minister for Industry, Resources and Energy has asked the Independent Pricing and Regulatory Tribunal (IPART) to investigate what these customers can do to minimise the impact on their electricity bills after the scheme closes.¹

This fact sheet explains our process for this review and summarises stakeholder submissions and how we considered them in conducting our review.

We have published a series of information papers to help SBS customers make informed decisions about the tariff and technology options available to them, including more detailed papers on:

- ▼ why SBS customers should get a net meter
- ▼ why SBS customers should shop around for the best electricity offer
- ▼ why unsubsidised feed-in tariffs are less than the retail price of electricity, and
- ▼ home battery storage systems.

These papers are available on our website (www.ipart.nsw.gov.au).

1 IPART's process for this review

On 13 October 2016, we received the terms of reference for this review and released a Fact Sheet outlining the purpose and scope of our review. We invited electricity retailers, alternative energy sellers, the solar industry, consumer groups and other interested stakeholders to provide information by 27 October 2016. We received six public submissions, of which two are confidential, and information from 14 electricity retailers about their metering options for SBS

¹ The terms of references for this review are provided in Appendix A.

customers after the scheme ends. In addition, we received information from a renewable energy company outlining its battery storage product.

Table 1.1 sets out the timetable for this review.

Table 1.1 Timetable for review

Milestone	Date
Received terms of reference	13 October 2016
Released Fact Sheet	13 October 2016
Submissions on Fact Sheet due	27 October 2016
Report provided to the Minister	24 November 2016

2 Public submissions

We have received four non confidential public submissions - Ausgrid, Energy & Water Ombudsman NSW (EWON), Dr M. Gill and Mr I. McDonald. These submissions are available on our website (www.ipart.nsw.gov.au).

Table 2.1 summarises the non confidential public submissions we received and how we have addressed them in preparing our information papers.

Table 2.1 Stakeholder submissions and IPART's response

Submission	Summary	IPART's response
Ausgrid	<ul style="list-style-type: none"> ▼ Customers in Ausgrid's network area can request: <ul style="list-style-type: none"> – a smart meter by contacting their preferred electricity retailer, who will engage a metering provider to install a new smart meter, or – an interval meter (net meter enabled) by contacting an Accredited Service Provider (ASP). The cost of an interval meter is set by Australian Energy Regulator (AER), and this cost plus any additional cost to install the meter are typically paid for by the customer. Customers can shop around to obtain the best deal. ▼ As an alternative to replacing meters, Ausgrid proposed to major retailers a 'calculated net' solution for SBS customers: <ul style="list-style-type: none"> – The 'calculated net' solution involves calculating the net difference between two existing interval meters that separately record total PV generation and household consumption, every 30 	<p>Our fact sheets provide information about different metering options available to SBS customers in all network areas.</p> <p>We note that Ausgrid's proposal for SBS customers with a gross meter to be billed as if they have a net meter has not been taken up by retailers and is no longer being offered by Ausgrid.</p> <p>Some retailers indicated that a 'calculated net' solution involves additional costs that outweigh the benefit of delaying a gross meter replacement. This option was only available in the Ausgrid network area whereas SBS customers are located in all three network areas in NSW.</p> <p>The NSW Government has committed to a market-led rollout of smart meters in NSW. However, from 1 December 2017, all new meters installed must be smart meters.</p> <p>There are a number of retailers</p>

	<p>minutes.</p> <ul style="list-style-type: none"> – The existing interval data frequency (ie, 30 minutes) is sufficient to produce a close approximation to true net metering. – Retailers did not take up this proposal and Ausgrid has decided to discontinue offering this solution. 	<p>offering SBS customers a smart meter upgrade at no up-front cost including installation with no lock-in contract period, or no early termination fee. See our fact sheet, <i>Solar customers should shop around for the best retail electricity offer</i>.</p>
EWON	<p>For many residential customers with solar PV the current retailer led roll out of smart meters is likely the first time customers will compare and choose between energy offers that are bundled with metering services. Some of these customers have experienced difficulties in getting basic information about the bundled smart meter offers.</p> <ul style="list-style-type: none"> ▼ The contractual terms in advertised solar offers are unclear: <ul style="list-style-type: none"> – Will accepting a smart meter upgrade change the length/terms of the retail contract they are currently on? – Will any early termination fees apply if the customer decided to change retailers after the upgrade? – Will the structure of the standard tariff change after a new meter is installed? For example, from a single rate to time-of-use pricing structure? – What will be the cost of installing a smart meter at a later date if the customer wants to defer the decision? ▼ Solar customers who opt-out or are disengaged may experience bill shock when they receive their first bill in 2017. Retailers servicing SBS customers need to be more proactive in targeting their smart meter information campaign to ensure that SBS customers understand the financial impact of their inaction and opting out of a smart meter upgrade. 	<p>Our fact sheet, <i>Solar customers should shop around for the best retail electricity offer</i> provides solar customers with information to assist them with decisions around electricity offers including metering. In particular, the fact sheet:</p> <ul style="list-style-type: none"> ▼ highlights that solar customers should consider all aspects of an electricity offer, not just the amount of feed-in tariff, and ▼ provides information on available metering offers to SBS customers from 1 January 2017, including key market terms. <p>Our fact sheet, <i>Why SBS customers should change to a net meter</i>:</p> <ul style="list-style-type: none"> ▼ explains both conceptually and numerically why SBS customers with a gross meter would be better off with a net meter once the scheme ends, and ▼ provides information to customers who do not wish to upgrade their meters by using a case study on what would happen to their bill if they decided not to change to a net meter after the scheme ends. <p>Our fact sheets provide case studies that compare electricity bills before and after the SBS closes.</p>
Dr M. Gill	<p>Dr Gill has researched options available after the SBS closes. His key findings are that:</p> <ul style="list-style-type: none"> ▼ the majority of NSW electricity consumers will enjoy lower electricity costs once the NSW SBS ends ▼ the SBS was too generous – over the life of the scheme SBS customers have recovered almost double their initial investment ▼ SBS customers should install a net meter as savings available from using 	<p>Our fact sheets provide independent analysis of these issues. For example, when customers change to a net meter they will save the equivalent of the retail price of electricity for every kilowatt hour (kWh) of PV energy used in their home (currently around 25 cents per kWh), and potentially earn an unsubsidised feed-in tariff from a retailer for every kWh of excess PV energy</p>

	<p>the electricity are more valuable than the feed-in tariff payment</p> <ul style="list-style-type: none"> ▼ net meters are available from a number of retailers with no upfront or ongoing charges, and ▼ SBS customers will continue to receive significant benefits from their PV unit. 	exported to the grid.
Mr. I.McDonald	<p>Mr. McDonald submitted that SBS customers with a gross meter should not be forced to switch to a net meter, and proposed the following two options:</p> <ul style="list-style-type: none"> ▼ Retailers should be mandated to offer SBS customers with a gross meter a net metering bill by calculating the net difference between two existing interval meters which separately measure electricity consumption and PV generation, or ▼ Retailers should provide a free net smart meter upgrade where retailers should cover all costs. 	<p>Ausgrid's submission also proposed using bill calculations rather than requiring new meters to be installed. See our comments above.</p> <p>Some retailers have indicated that a 'calculated net' solution involves additional costs that outweigh the benefit of delaying a gross meter replacement. This option was only available in the Ausgrid network area whereas SBS customers are located in all three network areas in NSW.</p>

a: This statement is as of June 2016.

2.1 Retailers' metering upgrade offers for SBS customers

We asked electricity retailers to provide information about their metering upgrade offers for SBS customers from 1 January 2017. We received information from 14 retailers and one renewable energy company.² Of these, 11 retailers said they will have metering upgrade offers specifically for SBS customers from 1 January 2017. Table 2.2 of our fact sheet, *Solar customers should shop around for the best retail electricity offer* summarises the details of these offers.

² We received information from Rainbow Power Company, which is a renewable energy company, outlining its battery storage products.

A Terms of reference



The Hon Anthony Roberts MP
Minister for Industry, Resources and Energy



V16/1991#6

Dr Peter Boxall
Chairman
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240


Dear Dr Boxall

I, Anthony Roberts, Minister for Industry, Resources and Energy, request that the Independent Pricing and Regulatory Tribunal (IPART) carry out a special review under section 234B of the *National Energy Retail Law (NSW)* on retail offers available to Solar Bonus Scheme customers following the Scheme closure on 31 December 2016.

The special review must consider:

- A general overview of the types of products and services available to residential solar customers including Solar Bonus Scheme Customers on both single and three phase power supply, including:
 - Types of meters and functionality provided [such as Advanced Meters (digital/smart), in-home displays, data analytics] and associated costs
 - Tariff structures for both electricity and solar feed-in
 - Storage or other products which could assist manage customer electricity use and bills
- Energy bill case studies for a range of typical households with Solar, outlining the impact on their bill, under the following scenarios - changes to metering arrangements, changes to tariffs and implementing new technologies such as battery storage.

IPART is to provide a report to the Minister within 6 weeks of receiving this letter.

I intend to make the report on the special review publicly available.

Yours sincerely

Anthony Roberts MP
Minister for Industry, Resources and Energy

GPO Box 5341, Sydney NSW 2001
Phone: (02) 8574 5600 Fax: (02) 9339 5544 www.nsw.gov.au/ministercontactform/minister-roberts