

Dear Tribunal Members,

Please consider the following submission on the Issues Paper for Solar Feed-in-Tariffs.

Like many people, I am looking at installing solar panels to my house to offset electricity prices. However, the current inequity in the Feed-in-Tariffs offered by my electrical supplier make the proposition less attractive and comprehensively more expensive in the long term.

In reviewing the Issues Paper, I was particularly interested in the information on page 19 regarding the cost components reflected in the retail price of electricity. I currently pay my retailer in the order of \$0.22 per kilowatt and according to the figures on page 19 this is broken down into:

- 31% - Energy Costs (\$0.0682)
 - 52% - Network Costs (\$0.1144)
 - 6% Green Scheme Costs (\$0.0132)
 - 11% - Retail Costs (\$0.0242)
- Total (\$0.022)

I would like to raise some issues with the four components of the cost of electricity listed on page 19 and how they relate to the Feed-in-Tariff.

1 - Energy costs - From what I can gather from the final statement on page 19 "As the figure below indicates, the costs retailers avoid for electricity obtained from PV customers (energy costs), which together currently represent over 30% of the retail price. The costs retailers do not avoid represent the remaining 70%." this is the "30%" being talked about. In my opinion, 'Energy Cost' should be given parity when determining a Feed-in-Tariff.

2 - Network Costs - I would question the statement that "the retailer does not avoid any network costs when its PV customers export to the grid." The energy that people generate from solar systems on the home would have negligible impact upon the network cost due to the minimal distance that energy has to move before being used by another customer, potentially only metres down the wire. I appreciate that there is maintenance and replacement costs for networks but I believe that the vast majority (80%) of 'Network Costs' should be removed from the Feed-in-Tariff. Therefore, in my opinion the Feed-in-Tariff should include only 20% of the network cost to cover maintenance and replacement programs.

3 - Green Scheme Costs - I believe that the costs of Green Schemes should not be attached to the Feed-in-Tariff. This is a policy issue that the Federal and State Governments need to examine but my understanding is that the intent of the Green Schemes is to reduce emission. Why then, would the cost of the Green Schemes be passed on to people producing energy which is 'green'?

4 - Retail Costs - I appreciate that the retailers need to factor in profits and costs of operating the business.

Therefore, in my opinion, the Feed-in-Tariff should only be less than the current price paid by a customer by the 'retail cost' and 20% of the 'network cost' and by my calculations and in my circumstances ie: paying 22 cents per kilowatt, this would be 17.292 cents per kilowatt or 78.6% of the retail price.

Therefore, following examination of the figure included in the Issues Paper I would suggest the Tribunal consider a Feed-in-Tariff of around 78.6% of the price paid by a customer.

Regards

Jon Stone

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