

23 June 2017

WHAT

In NSW, retailers can choose whether or not to offer solar feed-in tariffs to their customers, and decide the level of the solar feed-in tariff that they offer.

However to help guide retailers and customers, each year IPART recommends a 'fair and reasonable' benchmark range for solar-feed in tariffs.

In June 2017, we released our [final report](#) on the benchmark range for the 2017-18. We set a benchmark range of **11.9 to 15.0 cents per kilowatt hour (c/kWh)** (not including GST), which is substantially higher than the benchmark range for 2016-17 of 5.5 to 7.2 c/kWh. However retailers may offer solar feed-in tariffs that are higher or lower than this range.

WHY

We update the recommend benchmark range each year to take account of the latest market conditions. The value of exported solar electricity depends mainly on how much retailers save from buying wholesale electricity in the market. This means solar feed-in tariffs will go up and down with changes in the wholesale electricity price.

The benchmark range has increased substantially since last year due mainly to higher forecast wholesale electricity prices in 2017-18.

WHO

Our recommended benchmark range for solar feed-in tariffs is a guide for electricity retailers and residential and small business customers in NSW who have, or are planning to install, solar panels.

HOW

We are required to set a benchmark range for feed-in tariffs that will not lead to increased electricity prices or require any additional funding from the NSW State Budget.

To do this, we estimate the value that electricity retailers receive when solar customers export electricity to the grid from their small-scale solar units.

The three components that make up this value include:

- ▼ the amount that exported solar electricity would earn if it were sold on the wholesale electricity market at the time it was exported (retailers avoid paying for this)
- ▼ an amount to reflect the benefit of exported electricity being located close to where it is used (normally some electricity is lost as it flows long distances over the transmission and distribution network)
- ▼ an amount for the market fees and charges that retailers avoid paying for on exported solar electricity.



WHAT NEXT

Electricity customers should shop around for a better deal using the

Australian Government's website (www.energymadeeasy.gov.au).

The offer with the highest feed-in tariff isn't necessarily the best deal overall. Solar customers should consider all aspects of an energy offer, including usage and fixed charges, feed-in tariffs and other terms and conditions.