

Minimum feed-in tariff set

28 February 2017

Electricity and gas

The rate to be paid from July 1 this year to households and businesses who feed power back into the electricity grid from small renewable energy sources like solar panels has been set at 11.3 cents per kilowatt hour.

The Essential Services Commission has set the rate, known as the [feed-in tariff](#), in accordance with its obligations under the Electricity Industry Act 2000.

The new tariff takes in recent changes to the Act requiring the social and health benefits of renewable energy to be considered.

The methodology specified in the legislation requires the feed-in tariff to be calculated based on:

- wholesale electricity market prices
- distribution and transmission losses avoided by the supply of small renewable energy generation and
- avoided social costs of carbon and avoided human health costs attributable to a reduction in air pollution.

Using the methodology, the Commission has set the feed-in tariff at 11.3 cents per kilowatt hour to apply from 1 July 2017, an increase of 6.3 cents on the existing feed-in tariff.

Of that increase, 3.8 cents is a result of wholesale market price increases and 2.5 cents is attributable to the avoided social cost of carbon.

The changes to the Act allow the Commission to set multi-rate tariffs, in line with the findings of the Commission's inquiry into the true value of energy in distributed generation.

While the recently amended Act allow the Commission to set multi-rate tariffs, it has set a flat rate for the first year after the new legislation. This will allow sufficient time for consultation with energy retailers on the implementation of multi-rate feed-in-tariffs in future years.

For general enquiries

Phone: [\(+61 3\) 9032 1300](tel:+61390321300) or [1300 664 969](tel:1300664969)

Email: reception@esc.vic.gov.au

You can also find us on [Twitter](#) and [LinkedIn](#).

For VEU enquiries

Phone: [\(+61 3\) 9032 1310](tel:+61390321310) or submit a [contact form](#).

For media enquiries

If you have a media enquiry, please contact:

Michelle Bryne

michelle.bryne@esc.vic.gov.au

0437 677 385

(03) 9032 1324

Subscribe

Visit our [newsletters page](#) to subscribe to receive email updates from us and view previous editions of Essential News.

To learn more, visit www.esc.vic.gov.au