

Reduced bills and a cleaner environment remain the big incentives behind solar panels

Victoria's energy regulator says the environmental and cost benefits of rooftop solar panels remain strong incentives for renewable energy, despite a reduction in the feed-in-tariff rate.

A 30 per cent drop in the wholesale cost of electricity generation is the main reason for the Essential Services Commission reducing the feed-in-tariff for rooftop solar panels.

This week the commission released its [decision](#) on minimum feed-in tariff rates energy companies will pay from 1 July 2021 with the minimum feed-in tariff dropping to 6.7 cents per kWh.

Commission pricing director Marcus Crudden says the enduring value of renewable energy generation and storage is in not having to pay retail charges for the green electricity used.

"While the days of high feed-in tariffs appear over, the benefits remain, especially for those who alter the way they consume power.

"If households make small changes to the way they use their electricity – such as operating power-hungry appliances during the day – [savings of around \\$890 per annum](#) are possible," he said.

Mr Crudden says the drop in the minimum tariff is largely being driven by falling wholesale electricity prices which make up almost two-thirds of the feed-in tariff.

"Retail tariffs are much higher than the feed-in tariffs due to the other costs retailers face when they deliver electricity to their customers, such business overheads, network charges and customer service expenses.

"To avoid paying the higher retail rates it is in solar customers' interests to use as much of the electricity they generate from their solar panels as possible.

"During the day when the sun is shining, solar customers should run their washing machine, dishwasher, water heater and other energy intensive appliances," he said.

Mr Crudden says more than 500,000 homes and small businesses in Victoria have rooftop solar.

"This is all contributing to a cleaner environment and helping Victoria reach its goal of zero emissions," he said.

For further information call: David Jarwood, senior media adviser 0492 805 003

Minimum feed-in tariffs to apply from 1 July 2021, excluding GST*

Flat rate	Time-varying rates (c/kWh)		
	Off peak	Shoulder	Peak
All times	Weekdays: 10pm-7am Weekends: 10pm-7am	Weekdays: 7am-3pm, 9pm-10pm Weekends: 7am-10pm	Weekdays: 3pm-9pm Weekends: n/a
6.7	6.7	6.1	10.9

* Feed-in tariff rates of solar customers registered for GST are subject to GST.¹ Most residential solar owners are not registered for GST, hence their feed-in tariff rates will not be subject to GST.

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¹ Australian Tax Office, Electricity and Gas Industry Partnerships, accessed 15 October 2020, https://www.ato.gov.au/business/gst/in-detail/gst-issues-registers/electricity-and-gas-industry-partnerships---issues-register/?page=1#1_Are_there_any_GST_implications_for_owners_of_grid_connected_solar_power_generation_equipment_in_respect_of_electricity_supplied_via_the_network.