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Feed in Tariffs

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I understand that you are inquiring into the level of feed in tariffs for renewable energy sourced electricity.

I have 1.5kW of solar panels at my home and find that at the current level of FiT my (and my friends') behaviour is modified by the price that is available to us for our feed in power. As I have my installation under the old scheme, I receive 66c per kWhr. To maximise my returns, I try to export all my power and have shifted the bulk of my consumption until after dark, when my bought power is only about 24c per kWhr. My friends, who have newer installations, look to using up all their own generated power as it is generated as it displaces bought power at about 3-4x the price.

By having solar panels, we are both helping the network smooth its peaks and helping reduce the need to increase peak generating capacity and transmission line capacity.

What policy objectives do we want to achieve with FiTs ? I see that locally generated renewable power leads to the desirable goals of reducing Carbon emissions and also increasing network resiliency and efficiency. It will also reduce the need for generation and network upgrades and help retire generators performing poorly.

My generation, used by me or passed to my network connected neighbours, does not have to be carried over great distances. It reduces the likelihood of transmission network expansion and should be treated as more desirable than remote bulk production. It should be priced at more than the lowest wholesale price.

Sometimes the bulk generation from big coal-fired generators attracts a premium price during network shortages (the really hot days of the year). Why does not local power also get paid this premium or else get a higher average price over the year to reflect this ?

I would suggest that a fair price for solar feed in power would be the retail price charged plus an environmental premium and less some margin for the retailer. What should be in the margin ? I would suggest that it must relate to the value-add of the retailer. However, I would contend that this is already built into the connection charge. In my own situation, the bulk of my electricity charges are the daily connection fees.

The challenge will be how charges and tariffs can be constructed that are fair to all. If in the future I decide to expand my panel capacity and go off the grid, with the addition of batteries for overnight storage and the smooth output, then the network charges I will avoid will be applied to a dwindling number of customers. Poorer people will be the last to leave the grid and may have a hefty connection fee. Future network access will be a social justice issue.