

 <p>QUEENSLAND CONSUMERS ASSOCIATION</p>	<p>A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland</p> <p><i>Secretary: Max Howard PO Box 261 Corinda Q 4075</i></p>
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20 December 2012

**SUBMISSION ON QCA DRAFT REPORT ON “ESTIMATING A
FAIR AND REASONABLE SOLAR FEED-IN TARIFF FOR
QUEENSLAND”**

BACKGROUND

The Queensland Consumers’ Association (the Association) is a non-profit organisation which exists to advance the interests of Queensland consumers. The Association’s members work in a voluntary capacity and specialise in particular policy areas, including energy. The Association is a member of the Consumers’ Federation of Australia, the peak body for Australian consumer groups and is represented on the Queensland Competition Authority’s Consumer Consultative Committee and the Energy and Water Queensland Ombudsman’s Advisory Council.

The Association only has the resources to make a brief submission and is unable to comment on all aspects of the Draft Report.

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COMMENTS

- The Association remains critical of the decision to introduce a scheme with a guaranteed 44c/kWh net feed in tariff to be paid for by distributors.
- However, the Association is also conscious that the scheme had several policy objectives, including increasing the amount of electricity produced from sustainable sources of energy which is also the objective of other policies and policy instruments. Also, a major result of the scheme, reduced demand for electricity from the grid, can be, and is, also sought and achieved by other means, for example, solar hot water heaters, increased energy efficiency and various demand management tools. This is recognised by QCA on page 15 of the report in relation to the impacts of solar PV production on wholesale electricity prices.
- Accordingly, the Association considers that any policies on solar PV should be similar to, and consistent with, other policies and policy instruments designed to achieve similar objectives and notes that these policy costs are generally paid for by taxpayers and/or all electricity consumers.
- Therefore, the Association supports distributor contributions to the cost of the 44c tariff being paid for by ALL electricity users, not just those consumers potentially eligible to participate in the scheme.
- While very conscious of the cost of the 44c feed in tariff to all consumers, the Association is also concerned about the impacts of policy changes on consumers who have already invested in PV systems, often at much higher capital costs than now prevail.

For example, the government's decision to remove access to the 44c feed in tariff when a property is sold, etc. was a significant change to the terms and conditions and has already reduced the value of PV systems to many existing and impending PV consumers

- There has been insufficient research on the demographics, objectives, incomes, net electricity production, etc. of solar PV consumers and the Association considers that such research should be undertaken to better inform policy decisions. In this regard, the Association understands that many PV consumers do not have high incomes, are not wealthy, and are not net exporters with large systems.
- Therefore, the Association does not support the introduction of special network tariff for all consumers with PV systems to compensate the networks for reduced demand due to PV installations. As, indicated earlier, such a policy fails to recognise that there are other ways that consumers can and do reduce demand on the networks but these consumers are not being targeted for special attention and expected to pay special network tariffs. Also, such a change could adversely affect the economics of many solar PV installations. Plus, there is a general move towards higher fixed and lower variable charges for all electricity users and these will apply to consumers with PV systems. If QCA continues to suggest that distributors consider having different network tariffs for PV consumers, QCA should also refer to the wide range in the sizes, total outputs, net exports etc. of PV installations and the need for any such tariffs to reflect this range.
- The Association supports future feed in tariffs being retailer funded. The Association also agrees with QCA that these should be mandatory and set annually for the Ergon distribution area. However, the Association considers that a mandatory minimum net feed in tariff should also be set for the Energex area to assist consumers make informed choices, but that the need for it be reviewed after three years. QCA should monitor and publicly report annually on the solar PV market in both distribution areas.
- The Association supports retailers providing funding for the costs of the 44c and 8c/kWh feed in tariffs. However, the Association agrees that in the Energex area the contribution should be lower than the fair and reasonable tariff level and that special arrangements are required for the Ergon area. The Association also favours any such policy changes being phased in over several years to reduce the initial impacts on existing and potential new PV consumers and allow for the market to adjust.
- The Association notes and supports the QCA's preference for net metering but, because of the extra complexity introduced and the increase difficulties consumers will have to compare retailer offers, has reservations about retailers being allowed to offer gross metered tariffs.