QCA Submission on FIT Review

From

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The COAG first National Principle contains some very important aspects that need to be well understood in this review.

These are 1. Customers have the right to export to the grid

2. payment is required at least equal to the value of that energy in the relevant market and

3. the relevant network it feeds in to

4. taking into account the time of day of export.

On page 16 you float the idea of going to a gross tariff rather than net so that the network costs can be picked up. Wouldn't it be more appropriate to have the network charges cost reflective so as to avoid perverse outcomes. In 1 above we have agreed that customers have the right to export to the grid – this surely also comes with the responsibility of contributing to the costs of the grid that the maintaining of that connection incurs. If you try and have a work around such as a gross tariff you will just drive PV customers off the grid and the costs of the grid will be spread across fewer and fewer customers. The day is coming closer when storage options will be economical for more and more customers and if you make us mad enough that day will be sooner.

What the authority needs to recognise is that solar is now the cheapest way of getting local power. The peak production is about 4 hours earlier than the peak demand in the case of residential but with storage the peak can be shifted. Instead of pouring money into the grid to handle an increased peak demand the energy companies need to work in with solar PV, get access to the storage at each house or business and use that to help with peak demand. An extra FIT could be paid to those producers that give access to their storage to the grid.

With regard to point 4 above, any power fed in at peak times when the tariff is 38c should receive a FIT well above the 8 to 10 c that you will probably recommend (as per IPART). If the FIT for off peak tariff is say 8c the difference is 10.846c so applying that same difference to the peak tariff of 38.415 would give a peak FIT of 27.569c and shoulder FIT of 12.729c.

With regard to point 3 above, you say that western Queensland does not currently pay the full cost of the network. Of course this is the case, that is why governments pay CSO's in such situations. People in Brisbane don't pay the full cost of the public transport system or Suncorp Stadium either.

It is about time that Ergon Energy published those areas where the grid needs augmenting and talk to solar interests about how best this can be achieved in cooperation. For instance I live at St George and have heard that the grid is 15MW short of peak demand. There is a great opportunity here for the community to be involved in solving this problem. The answer doesn't lie in just increasing tariffs and driving people off the grid as illustrated in my example below.

I am an irrigator and have a pump that used 97MW of power last year at a cost of about $20000 on obsolete tariff 62. Under the new tariff regime if I go over 100MW I become a large customer and need to move to tariff 44 which will cost about $74000 for the same amount of power. The 8km of power line that services my farm has no other purpose, yet I will be forced to go to diesel if these proposed tariffs come into effect. That will leave 8km of power line that is only servicing my house denying Ergon the revenue that I have paid in the past.

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