Estimating a Fair and reasonable Solar Feed in Tariff for Queensland.

Background

In my submission I would like to address the benefits of having a fair and reasonable Qld FIT from a customer's perspective.

As a Queensland family of four we are facing rising electricity costs, we have seen our bills rise from $300 a quarter to on average $1000 per quarterly bill, despite reducing our consumption through the use of energy saving appliances and lighting in our home. This was a severe burden on the household budget.

When our family decided to construct a new home I was determined to do all I could to reduce our energy consumption and therefor lower our bills. Along with LED lighting and home insulation a major part our strategy was Solar PV.

The extra cost of installing this PV Solar system was only financially possible due to the support of the old Qld FIT of .44cents. The .44cent FIT was definitely the incentive needed to justify the expense of the system and have a reasonable payback period of 5-6 years.

Any change to the .44cent FIT for our family would be a major setback for our family's energy budget since our decision was made on the Qld FIT being available until 2028.

While I understand that the QCA is assessing a Qld FIT for new applicant's post July 2013 it cannot be underestimated the cost and environmental benefits the old scheme was to Qld households and the hardship on those who have invested in good faith that any change would have from moving the current goal posts.

Estimating a Fair and Reasonable Tariff for PV exports

The current 8 cent FIT would be no incentive for our family to install PV as the numbers now wouldn't add up. A 5kw system will at best cost around $10000 and the payback period at 8 cents it would take too long to recover our investment.

I believe a fair FIT is one element in reducing household electricity costs. It has been widely recognised that the major pressure contributing to rising electricity bills is the network costs of the poles and wires business.

To help address this I would like to see a system where households are encouraged through tariff support to install battery storage that can be charged during the day from solar PV and any excess generation put back to the grid on a 1:1 basis of the peak TOU tariff 12 . If it cost you 35cents a KW to import peak tariff you should get this for any export. This would hand back control of costs to the consumer and be easily understood and seem to be a fair value for the power generated as it's the value placed on peak power by the electricity industry.

The amount of credit you receive for any export would offset the investment in battery technology. Stored energy would be used during the peak load times currently identified from 4pm -10 pm. The batteries can then be topped up from the grid overnight using off peak power, with this supply being controlled the same way Tariff 33/31 are now when used for hot water/pool pumps etc. Recent changes mean as a consumer we can't access Tariff 33/31 to charge battery storage, and using Tariff 11 makes no sense as that doesn't

help with load management as the distributer has no control over supply. Considering a change so consumers can access this cheaper power should be considered as part of the metering arrangements.

From talking to friends the change to 8 cents FIT seems to have done its job in discouraging them from considering solar PV but also meaning they are reducing their total consumption to offset their costs. This not only limits the future costs of Qld FIT but reduces any income from power consumption as the cost is now a real burden on household budgets.

So if any new FIT if it's not to cost the taxpayer it should go hand in hand with non-cash incentives such as the removal of the current restrictions to FIT eligibility to make it more attractive. The 5 KW limit should revert to the original 10kw per phase (with energy supplier approval). This would encourage consumers to install larger systems that would make a difference to their household bills. By having a larger system , excess generation above daily use could be stored for later use and anything over and above this should be allowed to be fed back to the grid for a credit on a 1:1 basis of the peak TOU tariff 12 currently 35cents exGST.

If households want a fair FIT they should be required to be mostly self-sufficient for their energy needs. There should be a back stop in case of unforseen weather conditions that allow access to the grid but this usage could be charged at a premium tariff. This would ensure systems were large enough to cope with the household demand taking pressure of the grid.

These systems should have strict conditions to ensure the safety of householders and power company workers.

Using the FIT rate equal to the peak TOU tariff of 35cents as an incentive would be the financial carrot to encourage consumers to be responsible for their own energy needs. Consumers would also be far more aware of their consumption and conserve energy, which was the original purpose of the PV scheme.

Making households self-sufficient through a fair and reasonable FIT government also has a powerful tool to reduce peak demand.

The savings by deferring and reducing upgrades to the distribution network by reducing peak demand could then subsidise a more generous FIT that's linked to household taking responsibility for their energy needs.

In summary

Old .44cent FIT should stay as is until 2028 so as not to penalise those who invested in PV in good faith.

Future FIT should be linked to households having local energy storage to reduce peak demand.

As incentive to off-set the cost of local storage criteria for system sizes and access to off peak tariffs should be reviewed.

Future FIT should be indexed to the cost of the peak T12 currently 35cents exGST

Regards

Rick Sproxton