
From: T [redacted] miles [redacted]
Sent: Friday, 14 September 2012 1:14 AM
To: General Electricity Address
Subject: Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland

Dear QCA,

I would like to make a submission in regard to your discussion paper on "Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland".

It would appear that the fair & reasonable value has already been determined as being around 8c/kWh by previous work done by IPART. A similar method employed by IPART could be used in QLD to account for any local variations that might change this. It may also be appropriate to consider policy on whether solar PV uptake is to be encouraged or not based on the FIT.

As an owner of a Solar PV system that qualifies for the historical 44c/kWh FIT I would like to see this continued as per the legislation for the life of the scheme. I can understand that there will be costs involved in continuing the scheme, but it would be unfair for people who have signed up in good faith expecting to be able to gain access to this FIT to offset the costs of installing solar PV. I do understand that the costs of solar PV have fallen and so the 44c FIT should probably have been reduced sooner, but that is not the customers fault that the government of the time was too busy doing other things to initiate a review sooner. The solar PV system that I have installed is sized to generate approximately the amount of energy that our household uses per day. During summer we might generate a little bit more and so exports will be a bit higher, but during winter there is less sunshine so generation is less and our usage is greater due to heating requirements.

In regard to funding this legacy 44c FIT I believe that the retailers should be made to pay part of the FIT as your document makes it abundantly clear that the retailers are benefitting from not having to purchase energy from the NEM when they have customers that are supplying energy to them from solar PV. You have given lots of technical detail of the various costs and how they might be better distributed which is slightly over my head. I would look to the existing evidence as a good place to start. Retailers are paying a voluntary FIT premium of 6-8c (for the larger retailers), which suggests that they ascribe AT LEAST this much value to having a solar PV system owner connected as a customer.

Making the retailers pay part of the FIT (eg. 8c) might then reduce the amount to be paid by Energex to 36c which is a good start. I don't believe that to say that the FIT must be paid by all energy users is correct. Energex is owned by the Queensland Government and so Energex could simply pay the FIT out of profits and NOT pass on any of this cost to all consumers via increased prices. This would of course leave less profit to distribute to the government, which would in turn leave a not insignificant hole in revenue for the government, but this might then allow the government to recover this lost revenue via other means that are more targeted and so may not disadvantage the general power bill for all consumer (and particularly those on lower incomes who are less able to afford price increases).

There are any number of schemes that might limit liability due to the 44c FIT, but one that I think might be best would be to put a cap on the volume of exports that are eligible for the FIT based on the amount of energy consumed. As an example, exports eligible for FIT might be limited to 150% of energy consumed during a daily period at the residence. This would mean that a household that consumes 20kWh of energy during a day, could generate 30kWh of energy that would be eligible for the full FIT. Whether anything after 150% would

receive a lower (eg. 8c) FIT or nothing at all are two options. Such a scheme as this would have two benefits:

1. It would reduce the liability due to the 44c FIT until 2028. I have no idea how much by, but it would be some. I'm sure this and other solutions can be modelled by someone appropriately skilled in such a thing.
2. Change public perception that those people who have installed large PV systems for the express purpose of exporting as much energy as they can to make a profit are the ones who are being targeted. The classic example of this is the person who has installed a 5kW PV system on a large shed (which has it's own meter). The shed never consumes ANY energy and so everything that is generated attracts the full FIT rate. Someone who has implemented this setup could potentially generate profits of $30\text{kWh/day} * \$0.44 * 365 = \4818 per year (less any fixed service charges).

There has been a lot of bad press recently about people rorting the 44c FIT for their own personal gain, which I don't think was ever the intention of the legislation in the first place. Stomping on a few of these (via my above mentioned option, or some other) would go a long way toward restoring public perception that solar is a valid resource for our energy future.

I also believe that something you have not taken into account when looking at the 44c FIT until 2028 is how frequently people move house. The 44c scheme is closed to new entrants and the house changes ownership the PV system on the house ceases to be eligible for the historical 44c FIT. This will mean that over time the number of houses eligible for the 44c FIT will diminish as people naturally move premises due to changing work or family conditions. Personally I have a young family and in the next 4-6 years time it is completely possible that we will look to move to somewhere different to live. Ideally I would like to see my PV system paid off in this timeframe so that I actually achieve a positive ROI, but I accept that if we move before the system is paid off then I may make a loss on it.

In short I don't believe retailers should assist in paying for the 44c FIT and that existing consumers who were able to qualify for the 44c FIT should NOT be punished due to oversight by the government who legislated an overly generous scheme without any proper safeguards.

regards,

T Miles

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