

Victorian Essential Services Commission

Solar FiT Proposal 2020

A Response from a Small Scale (4.4Kw) Solar Generator, comprising:

1. My initial reaction
2. Observations of the Proposal
3. Suggestions/recommendation for consideration
4. Summary

1. My Initial Reaction:

- a. Not another FiT change, just when the FiT was becoming realistic and stabilising
- b. If Retailer rates were decreasing, then adjust the FiT, but rates are not
- c. Aligning FiT to wholesale renewable prices, is in my opinion, a furphy.
- d. Aligning FiT to Retailer rates and savings (wholesale and network costs) from using solar feed-in power
- e. Solar small scale users (generators) continue to be sold short
- f. Australia's small rooftop generators nationally, have saved Australia's power networks from failing on multiple occasions over recent years' hot summer days
- g. I am not convinced with some of the figures tabled; eg. Wholesale unit cost of 7c.

2. Observations re Proposal:

- a. Single FiT at 10c per Kwh unit is inadequate:
 - i. Power bought even at a FiT of 12c (or proposed 10c) is cheap power for the Retailer to on-sell
 - ii. The FiT does not equate to generation and network costs saved by the Retailer (generally accepted in Vic at about 40% of the Peak Rate, of 35c/Kwh)
 - iii. It makes it harder to justify initial or further investment of solar hardware
 - iv. Will take longer to recoup one's investment
 - b. Time-Vary
 - i. Does Peak really start at 3pm? Refer c (ii) below.
 - ii. There is minimal solar generated power after 8pm in Vic
 - iii. Why not bring forward the Peak start time to 2pm?
 - c. Smart Meters:
 - i. Can smart meters cope?
 - ii. Network operators don't even change the time for Daylight Saving
 - iii. Will the Peak end time be 9pm AEST or 9pm AEDST?
 - iv. What defaults would be used if the smart meter fails?
 - d. Higher Retailer FiT:
 - i. Retailers offering higher FiT invariably have higher usage rates
 - ii. Does the consumer benefit? Unlikely, it is merely a marketing incentive.
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- e. Rates:
 - i. There have been no demonstrable reductions in rates, despite politicians' talk
 - ii. Thus, it is hard to justify any FIT reduction
 - iii. The only recent rate changes have been to establish the VDO, with an unintended consequence of reducing any benefit to those customers who were prepared to investigate and compare various plans and switch Retailers
 - iv. Energy plans are still perceived to be overly complicated, like mobile phone and internet plans and medical insurance
- f. Power Bills:
 - i. Will power bills be well set out and easily understood?
 - ii. How easy will it be to check/reconcile usage and time zones?
- g. Distribution Networks
 - i. A higher priority should be to ensure the upgrading of the power networks to reliably and safely manage bi-directional electrical flows.

3. Suggestions:

- a. FIT (1):
 - i. Set FIT at the greater of a significant percentage of the Retailer's Peak rate or 15c/KwH
 - ii. This might act as an incentive to keep Peak rates lower
 - iii. It is saving the Retailer wholesale and network costs
- b. FIT (2):
 - i. Set FIT at the total of wholesale and network component costs, or a minimum of 15c/KwH
- c. Time-Varying Periods:
 - i. Bring Peak start time forward to 2pm?
- d. Premium FIT:
 - i. Its justification to offset against expensive solar hardware installed in earlier times, has long expired
 - ii. It is an excessive drain on the Retailer
 - iii. Removing it would establish a more level FIT playing field by removing all other customers subsidizing the PremiumFIT.

4. Summary

It is time to cease the continual changing of the rules, calculations and rates within the Energy industry. It is very similar to the continual fiddling with Superannuation rules, which also works to confuse and upset the population.

The march of renewable energy will continue; the infrastructure requires major updating to accommodate bi-directional energy flows; coal-fired power can only be withdrawn when there is a reliable alternative (gas, batteries, pumped hydro, nuclear, etc) to provide the baseload when the sun isn't shining and the wind isn't blowing.