

## McGuffie, Jonathan (StateGrowth)

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**From:** Stephen Nicol <krill1953@gmail.com>  
**Sent:** Sunday, 8 July 2018 2:01 PM  
**To:** solarfeedinreview (StateGrowth)  
**Subject:** HPRM: Solar feed in tariff

Thank you for the opportunity to provide input to this review. I address the points outlined in the consultation paper.

1. What changes could be made to current Feed-in Tariff arrangements (for example, a different Feed-in Tariff rate structure) to provide incentive to install rooftop solar generation and appropriately reward consumers that have already installed rooftop solar generation?

We had a qualifying solar generation system connected prior to 31 August 2013 and have been receiving the FiT rate of 28.283 c/kWh. In January 2019 we will be move on to the Regulated FiT Rate of 8.541 cents per kilowatt hour. The consultation paper suggests that in 2016-17 the cost of providing the Transitional FiT to customers such as ourselves was \$11.7 million. This cost is paid for by TasNetworks. This is a distorted view of the situation. There is no cost to TasNetworks as a result of our solar system - TasNetworks actually gains because we met the entire cost of providing addition power to the network. The apparent cost comes as a result of TasNetworks reducing the feed in tariff, so is entirely artificial - by changing the FiT rate up or down it is possible to see rooftop solar as either a cost or a benefit. Any realistic assessment of the cost of rooftop solar would have to include an offset that addressed the additional cost of providing new generation capacity if rooftop solar was not installed.

Presumably for TasNetworks to achieve its aims would like to install more generating capacity at the lowest actual cost. As independent installation of rooftop solar comes for free this must be the best alternative and should be encouraged. A tariff structure that encourages households to fit rooftop solar is thus the best option.

2. Would those changes be likely to result in any other indirect or unintended impacts (beneficial or otherwise)?

Lower feed-in tariffs will encourage more people to move to battery storage and this move will become more evident as battery prices fall. This will result in a drop in overall generation capacity in the state.

3. What contribution does rooftop solar generation make to Tasmania's energy security?

It helps but is probably not critical.

4. What are the social and environmental benefits and costs of rooftop solar generation? What is the value of these benefits and costs?

Rooftop solar allows individuals to choose to take charge of their electricity consumption and generation.

5. Do the community benefits of incentivising further solar installations outweigh the costs of providing those incentives?

As I have pointed out (above) the apparent costs of providing "incentives" are entirely flexible - depending on the costing model it is possible to portray rooftop solar as either a net cost or a net benefit. . The key is to provide a reasonable rate to electricity producers. This has to take into account the cost of installation of rooftop systems and the benefit to TasNetworks accrued through having access to generating capacity that they do not have to pay for or maintain.

6. Are there alternative mechanisms (other than changes to Feed-in Tariffs) that could be used to incentivise and reward the installation of rooftop solar generation?

Even if TasNetworks paid for the installation and upkeep of rooftop solar systems there would be little benefit to the consumer if the FiT is really low. A FiT that benefits both the network provider and the customer needs to be arrived at. It should be relatively simple to determine the FiT below which people become reluctant to invest in the cost of installing rooftop solar - I would suggest that this is considerably more than the 8.5 cents tariff. I have not calculated a rate that would provide a reasonable pay-back period for the investment in rooftop solar but I would guess that it falls between 15 and 20 cents per KWH. The FiT is probably the least cumbersome and administratively simple approach to incentivise and reward the installation of rooftop solar generation but it must be set at an appropriate level.

7. Is there potential for rooftop solar systems, smart metering and battery storage systems to help manage or limit peak demand?

The FiT has to be future-proofed. If it is too low then people will move to battery storage and the network will lose out on generating capacity. As the cost of solar installations and batteries continue to drop there is more incentive to move towards an off-grid solution to electricity supply. This is not a desired outcome for TasNetworks.

8. Are the opportunities to benefit from rooftop solar available equitably across the community?

Probably not, but a low FiT will mean that only more affluent households will install rooftop solar. Offering lower income households the possibility of lowering their energy costs by investing in rooftop solar by having a rewarding FiT is the best way to spread the benefits across the community.

9. Any other relevant matters that the person or group submitting would like to raise for consideration.

Thank you.

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