

Dear Regulator

Thank you for the opportunity to offer feedback of Tasmanian Feed in Tariffs (FiTs). The views and opinions expressed here are my own personal beliefs. I run an energy consulting company in Tasmania and consult to medium and large businesses that operate in Tasmania. Some of my clients operate solar, wind or hydro power stations from 3kW to 1MW, most are energy consumers only however. Several my clients are not for profit organisations that cater for the less fortunate in our community.

Without bias to any I am choosing to look at the regulated FiT as independently as possible and through the lens of a person who has a deep understanding of how the National Electricity Market (NEM) operates, large generators, the network, our retailers as well as how homes and businesses in Tasmania consume energy.

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?

I believe that the incentive to install solar at a home or business should be made on the merits of its economic value to the purchaser from their avoided energy costs and its environmental values. Creating a falsely high market price for electricity from a FiT for small generators is unfair to all other Tasmanians. Personally, I struggle to see why small electricity generators with less than 30kW peak energy production are paid more for their electricity than large “grid scale” solar, hydro or wind farm. This would be the same as the largest carrot crop farmers in Tasmania selling thousands of tons of carrots to a supermarket for \$1.20/kg but the Tasmanian government regulating that any backyard gardener that grew more carrots than they could consume could take the carrots to the supermarket and be paid \$1.50/kg.

For fairness, I believe all generators should be paid the same for their electricity based on the value of the electricity when it was generated. Solar/wind/hydro power generators (greater than 30kW) are paid an agreed rate for “peak” and “off-peak” this should be applied to all generators where practical regardless of size.

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

The impacts of this would mean there would be no false price signal in the market, the incentives for installing any type of generation including solar would be the same and focus attention on offsetting onsite consumption rather than feeding back to the grid. This may have the effect of either solar sales companies selling smaller systems or promoting battery storage or thermal energy storage. The storage options would assist the grid, Tasmanian energy security and still allow solar companies to maintain or increase sales.

Solar reducing network costs

Tasmania is different to most other Australian states, our peak energy consumption and peak network loads happen in winter, not summer. The time of day when energy consumption is highest is 7am to 10am and 4pm to 9pm on weekdays during winter – during these times solar PV production is negligible and export to the grid minimal, this in turn means solar generation has almost no effect on reducing network peak demand. To add further to this complex problem, in summer solar PV is often producing more electricity than can be consumed locally and more power

is exported to the grid. Because in summer Tasmanian energy use is at its lowest the “backward flow” of electricity from consumers can cause a new peak demands for local distribution transformers and could potentially cause increased costs for networks. This is a much larger problem for a state like Tasmania than it is for QLD or SA when during summer energy uses in those states run air-conditioners to keep cool on sunny days.

I recommend the FiT make no financial allowance for a reduction in network costs and distributed energy without storage.

I further recommend that the state government and TasNetworks consider a program that could encourage heat energy storage. This could involve heating water with or without solar and storing that heat for later use during peak times which could potentially reduce network costs for all Tasmanians.

Cross Subsidies

I understand that the Australian Energy Regulator (AER) have ruled and the Australian Competition and Consumer Commission (ACCC) have indicated that cross subsidies should be avoided. I support this notion for the sake of transparency but also understand that there are vulnerable consumers in our society that we need to protect.

A person or business that generates electricity is unlikely to be classified a vulnerable consumer simply because they own a generator, I see no need for other Tasmanian energy users to subsidise the FiT.

There are already some cross subsidies which are yet to be balanced out in network tariffs, there are TAS41 (heating and hot water) and TAS75 (irrigation). Some, but not all the energy consumers that use these tariffs will be “vulnerable” and will need subsidising/assistance at some time no doubt. I believe a better approach would be to collect a levy (just like is currently done to pay renewable energy subsidies (STCs, LGCs, VEET, ESC) on Tasmanian electricity bills and use this fund to assist those in the community that need assistance. This could be divided into tariff classes where irrigation tariff TAS75 collected a levy to support irrigators in vulnerable positions. Residential tariff levies supported vulnerable residential customers and business levy for vulnerable business customers.

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?

Where a grid connected solar PV system has a battery system installed or I believe making an option available to participate in the wholesale market and network peak demand reduction. Allowing a mechanism for any small consumer/generator to buy and sell electricity on the wholesale spot market should be encouraged and made available through a Tasmanian retailer. This would allow even small consumers/generators to obtain actual market value for their generation and consumption and obtain maximum value from home energy storage. The DUOS payment mechanism available for large generators could also be made available to these small generators.

Again, thank you for the opportunity to comment. I would like to see more rooftop solar in Tasmania, more renewable energy, and lower network costs. I believe the best way to achieve this however is not through an artificially high FiT.

I recommend:

FiT(peak) = WEP(peak) x MLF x DLF – market sales fees

FiT(off-peak) = WEP(off-peak) x MLF x DLF – market sales fees

Or more simply:

FiT(peak) = WEP(peak)

FiT(off-peak) = WEP(off-peak)

By putting small and large generators on the same footing and not favouring one type of renewable energy over another would make the market places fair for all Tasmanians and fair for large scale renewable generators wanting to enter the market as there will be no cross subsidy for small generators or false price signals.

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