

COMMENT
ICRC DRAFT REPORT
ELECTRICITY FEED-IN RENEWABLE ENERGY PREMIUM:
DETERMINATION OF PREMIUM RATE

SOLAR PANELS – PHANTOM CHARGES?

I wish to draw attention to an apparent inequity in the ACT feed-in tariff law.

The draft report points out that the ACT feed-in tariff law directs ActewAGL, as ACT electricity distributor and retailer, to pay solar panel holders a premium rate (currently 50.5 c/kWh) for their energy top-up to the ACT electricity grid (p 2).

ActewAGL then passes to all ACT electricity users their costs, based on the difference between the premium feed-in tariff and the *normal* rate of electricity (p 43). The normal rate is currently set at 6 c/kWh and is regarded as the basis for savings made by avoiding purchases from the National Electricity Market (p 3).

I question whether the normal rate at 6 c/kWh properly represents savings made in avoiding electricity purchases in times of peak demand. This normal rate is far below the average day & night rate (~13 c/kWh) that ACT householders are charged. This normal rate seems close to the lowly average night rate, when solar panels do not produce, and well below the average day rate, when solar panels do produce.

Solar panels are most productive in topping-up the electricity grid at times of intense sunshine, right when energy demands peak with increased use of air conditioners and when *actual* energy prices are likely to increase substantially above the “normal rate” of 6 c/kWh. ActewAGL’s actual savings from avoiding peak energy prices therefore, are likely to be substantially higher than projected savings based on the 6 c/kWh rate.

Actual savings surely can be well estimated. Electricity bills are sent in arrears, generally on a quarterly basis. Total solar power generation over the preceding billing period is known and can be broken down into power generation over periods as short as required using solar radiation curves or smart metering. From these data it can be well estimated what actual savings ActewAGL has made by avoiding purchase of top-up energy from the National Energy Market.

The ACT feed-in tariff law allows ActewAGL to charge all ACT Customers on *projected* costs, based on the premium rate minus the normal rate. However,

this normal rate is likely to be substantially less than the real purchase rate to be paid by ActewAGL in times of high energy demand and as a consequence ActewAGL's projected costs are likely to substantially exceed its real costs.

It seems the ACT feed-in tariff law allows ActewAGL to pocket savings obtained from real costs being less than projected costs. This procedure is unfair to ACT consumers who are likely to be slugged with phantom charges and to solar panel holders who are likely to be blamed for excessive costs of the energy they produce.

Chris Klootwijk