

Public engagement summary: 22-23 minimum feed-in tariff review

Project background

Each year we must review certain factors and determine a flat and time-varying minimum feed-in tariff. A feed-in tariff is a minimum credit customers receive from their energy retailer when they export energy from their small-scale solar, wind, hydro, or biomass generation facilities.

We engaged with interested stakeholders to hear and consider their views on our proposed minimum feed-in tariffs to apply from 1 July 2022 to 30 June 2023. We have considered all submissions in forming our final decision.

Legislation controls how we regulate the minimum feed-in tariffs, the costs we must include are set out in the Electricity Industry Act 2000. We must set a minimum rate for the feed-in tariffs by February 28th to apply to the following financial year.

In determining the minimum feed-in tariffs to apply from 1 July 2022, we hosted a public engagement process to ensure the views of interested stakeholders were heard and considered. This included a public information session and a public consultation period.

We used our list of stakeholders who have engaged with us about the feed-in tariffs as well as social media to encourage submissions and promote good engagement.

Based on the number of submissions we received, and the level of participation at the information session, we are satisfied that stakeholders had ample opportunity to provide us with their views and feedback on the draft decision.

We have made our final decision after considering all matters raised by stakeholders and in line with our objectives and matters we must have regard to under the Electricity Industry Act 2000 and the Essential Services Commission Act 2001.

A summary of how we engaged, the feedback we received and how it was considered as well as our engagement events that have informed our final decision on the 22-23 minimum feed-in tariff review are found below.

How we engaged



Key dates

- 28 October 2021: public information session was held virtually. 1.5-hour session with guest speaker from Solar Victoria, we explained the review process and heard from stakeholders during a 45-minute question and answer portion.
- 16 November 2021: Recording of info session and [Question and Answer](#) document published on review website. We responded to all questions raised prior to and during the information session in writing and placed this on our website.
- 2 December 2021: [draft decision paper](#) was released, stakeholders were notified, social media was used, and review website was updated.
- 2 December 2021 – 10 January 2022: public consultation period. [Engage Victoria](#) webpage was open for submissions.
- 22 February 2022: final decision and price determination was released. Review website, Engage Victoria updated, and stakeholders notified.



Methodology

- We held a public information session virtually.
- We sought feedback and submissions via Engage Victoria for the draft decision.
- Promoted feedback and submissions via social media (four posts during public consultation period).
- We invited stakeholders to make submissions via Engage Victoria or to email us at fitreview@esc.vic.gov.au.



Number of participants

- Between 2 December 2021 and 10 January 2022, we had 586 views of our Engage Victoria consultation page by 452 visitors.
- 40 attendees at our public information session including:
 - solar customers
 - energy industry representatives
 - energy retailers
 - government departments.



Number of submissions received (written, verbal)

- 33 submissions were received from 32 stakeholders, these included solar customers and energy retailers.
- All submissions can be found on [our website](#).

Summary of feedback

We asked	You said	We did
<p>We proposed from 1 July 2022 to 30 June 2023 the minimum:</p> <ul style="list-style-type: none"> • Flat feed-in tariff would be 5.2 cents per kilowatt hour, and • Time-varying feed-in tariff would range from 5.0 to 7.1 cents per kilowatt hour. 	<p>All solar customers that made submissions disagreed with the proposed minimum feed-in tariffs mainly because they are 22 per cent lower than the current rates.</p> <p>They considered the proposal to be unfair to people who have invested in solar systems and were concerned about the economic viability of solar systems. They believed the difference between the feed-in tariff and retail rates for energy was unfairly large.</p> <p>The energy retailers that made submissions expressed that the minimum feed-in tariff is too high. They are concerned the social cost of carbon is overstated and outdated. In their view this is leading to an inefficient feed-in tariff.</p> <p>Some solar customers expressed their concern with a lack of information to new solar customers when they install solar panels. They were unaware the minimum feed-in tariff changes each year. One stakeholder suggested 2-3 years advance notice of significant changes to support long-term investment decisions from households.</p>	<p>We considered all submissions and actively addressed the key themes in the final decision paper.</p> <p>We are required to set the minimum feed-in tariff in line with legislation and in the long-term interests of all Victorian consumers. This is achieved by setting an efficient minimum feed-in tariff reflecting the value of solar energy.</p> <p>We must determine the minimum feed in tariff for each financial year. Determining the minimum feed-in tariff the year before it applies makes our cost forecasts more accurate and thereby reduces the price risk for both solar customers and retailers. We have raised this matter with the Department of Environment, Land, Water and Planning as well as the Clean Energy Council.</p>
<p>We asked for feedback on the methodology we use to set the minimum feed-in tariffs</p>	<p>Some solar customers were concerned because our methodology for the minimum feed-in tariff uses future wholesale prices. They wondered what happens if the forecast is lower than the actual price. They were concerned this could lead to solar customers not being compensated correctly.</p>	<p>We remain of the view that using futures prices is the best method for determining the minimum feed-in tariff. Futures prices are taken from the ASX Energy contract prices and best reflect anticipated changes in that market.</p> <p>We remain of the view that using historical actual export</p>

One energy retailer argued the methodology should consider the most recent 12-month spot market solar export weighted average price based on actual price and actual solar generation.

Some energy retailers said the social cost of carbon is outdated, overstated and needs to be reviewed by the Government.

Some stakeholders noted the avoided human health costs from solar energy are not explicitly accounted for in the minimum feed-in tariff.

One energy retailer suggested time-varying feed-in tariffs time blocks should match network tariffs, to two-part time of use, this will aid customers understanding of time-varying tariffs.

and price data for FY21-22 scaled with futures prices is the most accurate predictor of prices to apply from 1 July 2022 to 20 June 2023. Using historical data only, would not consider future expectations in the market and so would be less price reflective.

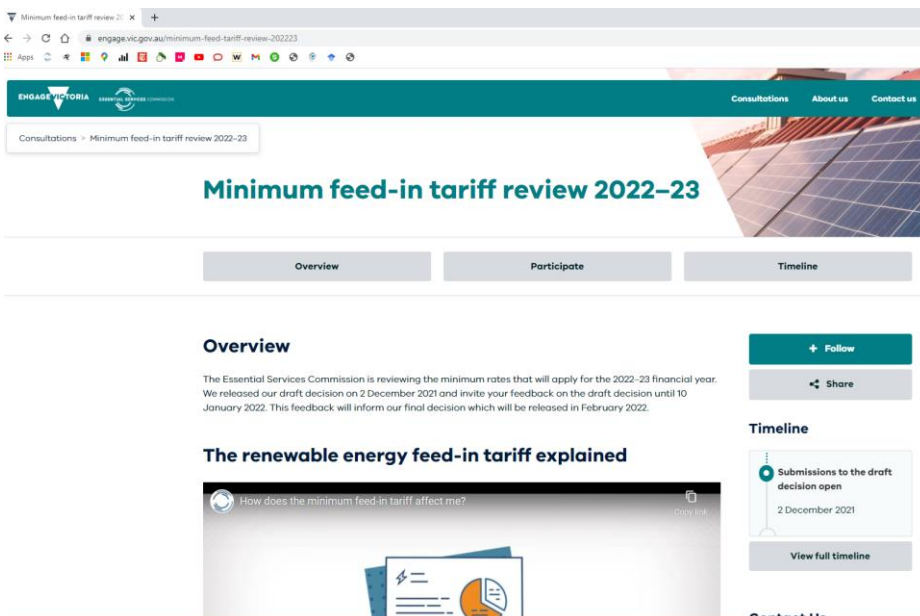
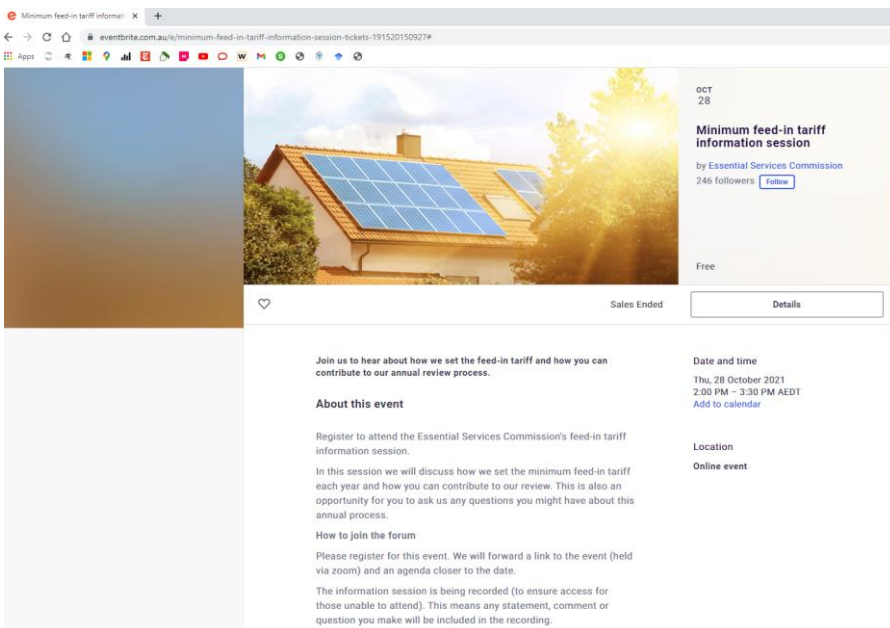
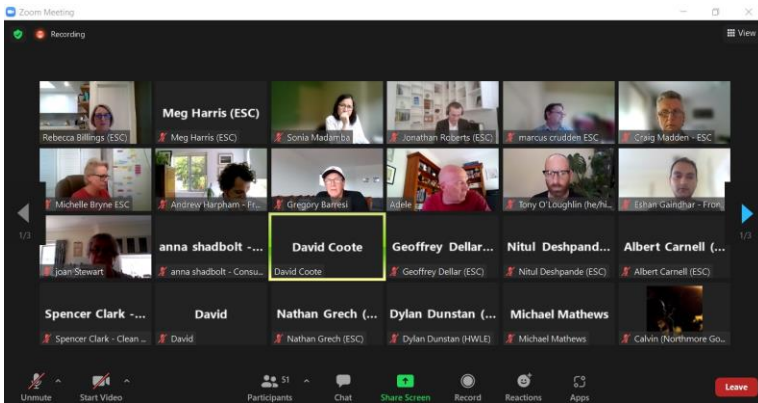
Our decision on the social cost of carbon reflects the values set out in the Order in Council of 2.5cents per kilowatt hour.

The social cost of carbon values the displacement of carbon emissions caused by electricity generation. When carbon emissions are avoided other harmful pollutants are avoided. As a result the social cost of carbon also includes at least some payment for of the avoided human health costs.

The Governor in Council issued the current Order in 2017 which sets the social cost of carbon at 2.5 cents per kilowatt hour and this is a factor we must have regard to when setting the minimum feed-in tariffs.

We acknowledge that aligning the time blocks could make it easier to understand variable feed-in tariffs. This is something we will investigate in future reviews.

Our engagement event(s)



Essential Services Commission @EssentialVic · Jan 7

Do you have solar panels? We're reviewing the minimum feed-in tariff that your energy company pays you for power you export into the grid from 1 July 2022 and want to hear your thoughts.

Head to Engage Victoria to learn more and have your say:
engage.vic.gov.au/minimum-feed-t...

1 retweet 1 like

Essential Services Commission @EssentialVic · Dec 29, 2021

Got a question?
 View more info on the minimum feed-in tariff: esc.vic.gov.au/minimum-FIT
 Contact us: esc.vic.gov.au/contact-us

Show this thread

Essential Services Commission @EssentialVic · Dec 29, 2021

Do you have solar panels?

We're reviewing the minimum feed-in tariff that your energy company pays you for power you export into the grid from 1 July 2022 and want to hear your thoughts.

Head to Engage Victoria to learn more and have your say:
engage.vic.gov.au/minimum-feed-t...

1 retweet 1 like

Essential Services Commission @EssentialVic · Dec 15, 2021

Do you have solar panels? We're reviewing the minimum feed-in tariff that your energy company pays you for power you export into the grid from 1 July 2022 and want to hear your thoughts.

Head to Engage Victoria to learn more and have your say:
engage.vic.gov.au/minimum-feed-t...

2 retweets 4 likes

Essential Services Commission @EssentialVic · Dec 2, 2021

We've released our draft decision on the min. feed-in tariff that energy companies will pay from 1 Jul 2022.

While falling wholesale electricity prices are pushing down the tariff, the real value of solar is not having to pay retail electricity charges:
esc.vic.gov.au/media-centre/s...

Clean Energy Council and Solar Victoria

1 retweet 3 likes

Essential Services Commission @EssentialVic · Oct 28, 2021

Do you have solar panels? TODAY at 2 pm we're hosting an information session about how we set the minimum feed-in tariff that Victorians receive for energy they export into the grid.

Join us to learn about how you can contribute to our annual review > [eventbrite.com.au/e/minimum-feed...](https://eventbrite.com.au/e/minimum-feed-...)



Solar Victoria and Solar Citizens

Essential Services Commission @EssentialVic · Oct 26, 2021

Do you have solar panels? In case you missed it - we're hosting an info session about how we set the minimum feed-in tariff that Victorians receive for energy they export into the grid.

Join us to learn about how you can contribute to our annual review > [eventbrite.com.au/e/minimum-feed...](https://eventbrite.com.au/e/minimum-feed-...)



Solar Victoria and Solar Citizens

Essential Services Commission @EssentialVic · Oct 8, 2021

The real and lasting value of [#solarpanels](#) is reducing the cost of your [#energy](#) bills by using the power you generate.

[@SolarVictoriaAU](#) estimates that savings of \$890 p/a are possible for a typical household. Learn more about the minimum feed-in tariff: go.vic.gov.au/o6f1Hp

Essential Services Commission @EssentialVic · Oct 8, 2021

Each year we set the minimum feed-in tariff for energy you feed back into the grid from sources like solar panels. We calculate the min. rate based on several factors, the most important being wholesale electricity prices which are forecast to be significantly lower in 2021-22.

Essential Services Commission @EssentialVic · Oct 8, 2021

We spoke to Victorian solar customers Leah and Simon about how they've altered their habits to reduce their carbon footprint and make the most of the [#energy](#) they generate from their rooftop [#solarpanels](#):



1-19 100 views

Essential Services Commission @EssentialVic · Sep 2, 2021

Thinking about installing [#solarpanels](#)? The benefits might be more than you think.

Solar customer Robert from South Kingsville shares how he makes the most of the power he generates to cut his energy bills. [@SolarVictoriaAU](#)

