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15 December 2023

Essential Services Commission
Level 8, 570 Bourke St
Melbourne VIC 3000

Submitted via: www.engage.vic.gov.au

Dear Commissioners,

RE: Minimum Electricity Feed-in Tariff to Apply From 1 July 2024 – Draft Decision

GloBird Energy (**GloBird**) welcomes the opportunity to provide feedback on the Essential Services Commission's (**ESC**) minimum electricity feed-in tariff to apply from 1 July 2024 – Draft decision (**draft decision**).

GloBird commenced operation in 2015 and has steadily grown, currently retailing energy to over 200,000 residential and small business customers across Victoria, New South Wales, Queensland and South Australia. Our excellent value energy offerings, innovative products and a high-quality customer service are key drivers of our success in this highly competitive energy market.

Flexibility in setting feed-in tariff (FIT) structures benefits consumers

Current regulations were designed to address the challenges of the past, for example when there was shortage of solar, lack of affordable storage technologies and when most of the energy was sourced from coal-based generators. The wholesale market is now facing volatility challenges, the energy transition is moving quickly, Victoria electrification transition is starting on 1 January 2024 and the five distribution businesses in Victoria are proposing network tariff structures to address solar export and electrification. Considering these developments, regulators are encouraged to review regulations and make decisions to address the new challenges by promoting innovation to encourage consumers engagement/participation in the transitions and allow them to benefit from the market volatility and new technologies.

From this angle GloBird commends the ESC for introducing the new minimum feed-in time-varying tariff option 2. We consider this tariff structure is a step in the right direction. Nevertheless, we note that the current three minimum tariff structures are fixed in nature and therefore do not provide flexibility or promote innovation to address consumers' varied load profiles or needs. We propose the ESC to introduce the following minimum FIT solution:

1. The ESC determines the minimum FIT flat rate – no changes to existing process or methodology.
2. The ESC determines the average daily export profile (in kWh) for each 30-minute interval (48 intervals in total). These figures can be sourced from Frontier Economics' model.
3. Retailers are allowed to introduce their own FIT structures and rates, provided the resulting weighted average price, when applying the rates to the annual export profile, is greater than or equal to the minimum FIT flat rate set by the ESC.

The following hypothetical example illustrates how such solution works in practice.

Hypothetical example

Assume, the minimum FIT flat rate is 3.40 c/kWh and the average daily export profile is as shown in Table 1.

Table 1 - Average daily export (kWh)

Interval	Time	Export
1	00:00 - 00:30	0.01
2	00:30 - 01:00	0.01
3	01:00 - 01:30	0.01
4	01:30 - 02:00	0.01
5	02:00 - 02:30	0.01
6	02:30 - 03:00	0.01
7	03:00 - 03:30	0.01
8	03:30 - 04:00	0.01
9	04:00 - 04:30	0.01
10	04:30 - 05:00	0.01
11	05:00 - 05:30	0.02
12	05:30 - 06:00	0.02
13	06:00 - 06:30	0.10
14	06:30 - 07:00	0.10
15	07:00 - 07:30	0.20
16	07:30 - 08:00	0.20
17	08:00 - 08:30	0.35
18	08:30 - 09:00	0.35
19	09:00 - 09:30	0.50
20	09:30 - 10:00	0.50
21	10:00 - 10:30	0.60
22	10:30 - 11:00	0.60
23	11:00 - 11:30	0.70
24	11:30 - 12:00	0.70

Interval	Time	Export
25	12:00 - 12:30	0.40
26	12:30 - 13:00	0.40
27	13:00 - 13:30	0.40
28	13:30 - 14:00	0.40
29	14:00 - 14:30	0.35
30	14:30 - 15:00	0.35
31	15:00 - 15:30	0.30
32	15:30 - 16:00	0.30
33	16:00 - 16:30	0.40
34	16:30 - 17:00	0.40
35	17:00 - 17:30	0.20
36	17:30 - 18:00	0.20
37	18:00 - 18:30	0.03
38	18:30 - 19:00	0.03
39	19:00 - 19:30	0.01
40	19:30 - 20:00	0.01
41	20:00 - 20:30	0.01
42	20:30 - 21:00	0.01
43	21:00 - 21:30	0.01
44	21:30 - 22:00	0.01
45	22:00 - 22:30	0.01
46	22:30 - 23:00	0.01
47	23:00 - 23:30	0.01
48	23:30 - 24:00	0.01

Based on these assumptions, retailer A may adopt a FIT with flat rate of 3.40 c/kWh while retailer B may choose to have the following FIT structure and rates.

Period	Applicable times (everyday)	Rate c/kWh
Period 1	10 pm – 7 am	7.5
Period 2	7 am – 3 pm	2.8
Period 3	3 pm – 10 pm	4.7

Table 2 shows how retailer B can demonstrate that its FIT structure and rates comply.

Table 2 – Compliance check

Period	Export kWh/day ¹	# of days	Export kWh pa	Rate c/kWh	Feed-in cents	Weighted average price
Period 1	0.38	365	138.70	7.5	1,040.25	
Period 2	7.0	365	2,555.00	2.8	7,154.00	
Period 3	1.92	365	700.80	4.9	3,433.92	
Total			3,394.50		11,628.17	3.43 c/kWh

Compliance check

Weighted average price	3.43 c/kWh
Minimum FIT flat rate	3.40 c/kWh
FIT structure and rates compliant?	Yes

The advantages of this solution include:

1. It provides flexibility, promote innovation and foster competition.
2. Retailers can respond quickly to customers changing situations or needs.
3. Existing time-varying feed-in tariff structures option 1 and option 2 become redundant. Whilst not necessary, the ESC can provide two average daily export profiles, one for weekdays and one for weekends.

GloBird will be pleased to meet with the ESC to further discuss this submission. Please contact Nabil Chemali via email: [REDACTED]

Yours sincerely



John McCluskey
 Executive Manager
 GloBird Energy

¹ Sourced from Table 1 by aggregating the export of the relevant period.