

Minimum feed-in tariff 2023-24

Submission received through Engage Victoria

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From December 2022, we began accepting submissions on our Minimum feed-in tariff review 2023-24 via Engage Victoria (www.engage.vic.gov.au). On this website, people were given the opportunity to send us a response to a set of questions we provided.

What parts of our proposed methodology for setting the minimum single and time-varying feed-in tariff rates do you consider are appropriate?

What parts of our proposed methodology should we change?

The methodology should take into account the connection fee charged to customers - otherwise the retailer's costs / income are not being fully taken into account. You talk about retailers overheads, etc - there needs to be greater transparency around the impact of connection fees charged on a daily basis to customers in the model.

The night tariff, which given this is a solar feed in tariff, fundamentally disadvantages customers who can provide this - the customer's who provide this must have batteries, which can be discharged at below the retail cost of electricity.

Allowing customers to be discharged at below the retail cost, means that on a number of days, the customer will then be consuming electricity from the grid at an increased price. This is a fundamental failure to recognize the value (e.g grid stability) provided customers who can export electricity at this time. Particularly when the customer's batteries can then be told to charge from the grid to use up excess solar - the customer is paid 10c and then have to pay 3 times that amount.

For our overall methodology, or parts of it, what alternative methodologies should we consider?

The model needs to fully recognise the value that solar, wind, and batteries provide - while this may require a change in the legislation, it needs to be done.

Similarly, all fees charged by retailers are accurately taken into account - not a simplified model that can benefit retailers greatly and fails to recognise the value provided by solar, wind and batteries. Given the connection fees I suspect many of the excuses for why retail costs are

substantially higher than wholesale costs are not justifiable (e.g. overheads, regulatory and environmental obligations). The hedging energy risks is similarly difficult to see as a cost - we're paid a fee based on the average wholesale cost - so why should retailers be allowed to offset 'hedging costs' when we can't benefit from them ?