



Clean Energy Council submission to ESC Draft Decision on feed-in tariffs 2015

The Essential Services Commission (ESC) has highlighted the Victorian Government's failure to implement its own feed-in tariff (FiT) policy.

In 2008 the Victorian Government agreed that:

Residential and small business renewable energy generators should have the right to export energy to the electricity grid and market participants ***should be required to pay*** for that exported power at a price at least equal to the value of that energy in the relevant electricity market and the relevant electricity network it feeds into, ***taking into account the time of day*** during which energy is exported.

In 2012 the Australian Energy Markets Commission (AEMC) endorsed this approach, recommending that, "consideration be given to the ability of time varying tariffs to encourage owners of distributed generation assets to maximise export of power during peak demand periods".

The Baillieu Government conducted its own review and in 2012 the Victorian Competition and Efficiency Commission (VCEC) recommended that "adopting time-of-use pricing is desirable, because it provides a stronger economic signal to distributed generators of the value of production when overall electricity demand is high".

In 2013 the Productivity Commission gave further endorsement to the Victorian Government's policy, recommending that, "State and territory governments should change the feed-in tariffs for any uncontracted small-scale distributed generators exporting power into the grid, so that their tariffs reflect the market wholesale prices at the time of energy production".

In 2013 the ESC proposed to implement the policy agreed in 2008 with a FiT that potentially has different rates applying during peak, off-peak and shoulder periods of the day, weekdays and weekends, and seasons. At that time CEC welcomed this approach and offered to work with the ESC to develop an implementation strategy for the principles and broad approach outlined in Government policy and its 2013 decision.

In 2014 the ESC has concluded that:

The Commission has been advised that the EIA [*Electricity Industry Act 2000*] requires the Commission to set a single FiT rate for each calendar year, precluding the use of time varying minimum FiTs.

This is farcical.

The ESC has done solar customers a favour by highlighting the Government's failure to implement its own policies. We call on the Government to address this failure in implementation.