



Essential Services Commission
Level 37 / 2 Lonsdale Street
Melbourne VIC 3000

18 January 2018

Re: ESC Feed-In Tariff 2018-19 Draft Decision

I am writing on behalf of the Northern Alliance for Greenhouse Action (NAGA) in reference to the *ESC Feed-In Tariff 2018-19 Draft Decision* by the Essential Services Commission (ESC).

NAGA wishes to express its general support for the proposed tariffs, in particular those that recognise the value of renewable energy produced at peak time when the value of the electricity generated, to the wholesale electricity market, is highest. The time-varying feed-in tariff (FiT) will reward renewable energy generators at peak times, when the value of the energy to the market is highest. It should also encourage the use of batteries, which may export to the network during the peak. However, we would caution that we believe that further modelling needs to be done to better understand the impacts on different types of solar households (e.g. existing with north facing panels, households with PV and storage, electric vehicles etc.). While we support having a base tariff we believe it should be set at the current rate of 11.3 cents per kilowatt/hour to avoid additional confusion and uncertainty in the solar market; simply put, it is easier to explain adding a peak hour tariff in addition to the existing tariff rather than adjusting the current tariff as well.

The down side to time of use options is that this adds another layer of complexity to both solar installs and energy literacy for most people. If the feed-in tariff is the same as the peak tariff rate for energy consumed then it makes it easier for residents to understand and would help promote optimising for social and environmental benefits. It is also unclear how the introduction of such a tariff would be treated and reflected by retailers, in the same way as there are concerns with how retailers will reflect the new tariff structures proposed by network operators. Consequently, we would recommend close monitoring of the effect of the proposed tariffs on both the operations of the network and households, especially those that are vulnerable to energy price rises. In addition, we recommend that the ESC monitor the impact of the price on:

- the uptake generally of distributed energy;
- existing solar generators, particularly households with north-facing solar panels;

- uptake and use of battery storage by households and others, including local governments; and
- uptake of related technologies, such as electric vehicles.

Finally, we applaud the recognition of social and environmental benefits of distributed energy in the proposed tariffs.

We thank you for your time considering this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Meiklejohn', followed by a long horizontal line.

David Meiklejohn
Executive Officer
Northern Alliance for Greenhouse Action

The views represented here do not necessarily represent the views of all NAGA members individually.