

REGULATED FEED-IN TARIFF RATE INVESTIGATION FINAL REPORT AND DETERMINATION 2019

The Tasmanian Economic Regulator today released its Final Report and Determination in relation to the feed-in tariff rate for the period from 1 July 2019 to 30 June 2021.

The feed-in tariff rate applies to all feed-in tariff customers on mainland Tasmania with an eligible small-scale electricity generating unit, such as solar photovoltaic (PV) panels. Authorised retailers have to offer customers at least the minimum feed-in tariff rate for the electricity their customers export to the grid.

For 2019-20, the feed-in tariff rate for customers on mainland Tasmania is provisionally estimated to be around 9.3 cents per kilowatt hour (c/kWh). Releasing his Final Report today, the Economic Regulator, Mr Joe Dimasi said the feed-in tariff rate for 2019-20 will be around nine per cent higher than the rate for 2018-19 of 8.541 c/kWh, primarily due to the increase in the wholesale electricity price.

The Economic Regulator's determination is based on the avoided cost approach and reflects the wholesale market arrangements in place in Tasmania, including a regulated price for wholesale electricity. "The feed-in tariff rate accounts for the costs that retailers avoid by buying electricity from solar PV customers and not from Hydro Tasmania, together with other avoided costs such as certain fees levied by the Australian Energy Market Operator and the cost of electricity losses associated with transporting electricity over long distances." Mr Dimasi said.

Mr Dimasi said that the method ensures that customers with solar PV systems receive a return for the electricity they export to the grid which reflects the market value of that electricity to retailers. "If retailers were required to pay more for solar exports than they pay for wholesale electricity from Hydro Tasmania, retail prices for all customers would need to be higher to recover the difference. The result would be higher electricity prices for all households, including those who do not have, or are unable to install, solar panels."

"In addition to receiving payments for their exports, households with solar panels are able to make savings on their electricity bills by generating and consuming their own electricity rather than buying it from a retailer."

The major component of the feed-in tariff rate, the wholesale electricity cost, reflects the regulated wholesale electricity price (WEP) for 2019-20 set by the Treasurer at \$87.56/MWh, equivalent to 8.756 c/kWh, in his WEP order on 10 May 2019.

The Economic Regulator will calculate the final feed-in tariff rate for 2019-20 in mid-June 2019 at the same time as it approves Aurora Energy's standing offer prices for 2019-20.

The Economic Regulator has considered the issues raised by stakeholders on introducing a time-varying feed-in tariff and will carry out further analysis and consultation and provide a separate report to the Treasurer by the end of 2019.

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The Final Report and Determination are available at:
www.economicregulator.tas.gov.au
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