

## REGULATED ELECTRICITY FEED-IN TARIFF PRICING INVESTIGATION DRAFT REPORT

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The Tasmanian Economic Regulator is conducting an investigation to determine a method for calculating the minimum feed-in tariff rate that retailers must pay customers for electricity exported to the network from eligible small-scale solar, wind or hydro fuelled generators. A tariff rate will apply for each year from 1 July 2022 to 30 June 2025.

The Regulator, Mr Joe Dimasi, has today released his Draft Report and Draft Determination for consultation.

The feed-in tariff rate for 2022-23 has been provisionally estimated at 6.665 cents per kWh. This estimate is based on the wholesale electricity price as at 17 January 2022, and will be updated when the 2022-23 feed-in tariff rate is determined in June 2022. The other tariff components will also be updated at this time using the most recent information available.

In setting the feed-in tariff to apply from 1 July 2022, this draft determination uses the same approach as the existing determination. “My draft decision and determination aim to ensure that feed-in tariff customers receive a price for their exported energy that reflects the true value of that energy to retailers.” said Mr Dimasi. “The minimum feed-in tariff is set at a level that aims to be in the best interests of all Tasmanian electricity customers.” he added.

The *Electricity Supply Industry Act 1995* and associated regulations set out how the Regulator is to determine the feed-in tariff rate and the principles it must take into account in making its determinations.

The Regulator’s approach to estimating the value of electricity supplied to the electricity network by feed-in tariff customers is based on the costs that retailers avoid by on-selling exported electricity rather than purchasing it from the national electricity market (NEM). Using this method, the components of the feed-in tariff rate are:

- the wholesale electricity price;
- the value of NEM ancillary charges and market fees that retailers would otherwise incur; and
- the value of avoided transmission and distribution network losses.

The Regulator has set the wholesale electricity price based on the prices in Hydro Tasmania’s financial risk contracts, offered to retailers, that the Regulator approves. “The benefits of using a regulated wholesale price is that it provides transparency and ensures consistency with my approach to determining the wholesale electricity cost component in Aurora Energy’s regulated retail prices” Mr Dimasi notes.

The Regulator has also identified that the Australian Energy Market Operator (AEMO) imposed two new fees on market participants (retailers) in the 2021-22 financial year. These new fees will be included in the calculation of the feed-in tariff rate from 2022-23.

The Regulator seeks stakeholder feedback on his Draft Report and Draft Determination. Submissions should be made by **5pm on 15 March 2022**. Submissions and enquiries may be made by email to [office@economicregulator.tas.gov.au](mailto:office@economicregulator.tas.gov.au).

The Regulator will make his final decision in May 2022 after considering submissions received on his Draft Report and Draft Determination.

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The Draft Report is available at:  
[www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au)  
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