

Essential Services Commission
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13^h September 2016

Retailer feed-in tariff – Review of regulatory arrangements Draft Decision

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Essential Services Commission of South Australia's (the Commission) *Retailer feed-in tariff – Review of regulatory arrangements Draft Decision*

The Australian Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

The Energy Council supports the Commission's draft decision not to make a minimum Retailer Feed-in Tariff (R-FiT) Determination for calendar year 2017. As highlighted previously in the Energy Council submission to the Issues paper, the market is best placed to determine the most appropriate, sustainable and economical value for the electricity that is produced and exported by photovoltaic (PV).

The South Australian solar feed-in tariff market is effectively competitive and the mandatory regulation of the retailer feed-in tariff is unnecessary in a deregulated retail electricity market. The variety and availability of offers in South Australia is similar to that in South East Queensland (SEQ). In SEQ, retailer offers vary from 4-11 cents/kWh, a diversity that indicates healthy competition among retailers; in South Australia, there are presently fourteen retailers offering retailer feed-in tariffs from the minimum of 6.8 cents/kWh to 12 cents/kWh.

A further sign of healthy competition is that solar customers can access competitive tariffs for their electricity consumption as well as for the electricity they export. We endorse the Commission's finding that in other jurisdictions where the FiT is unregulated there is high level of availability of the best electricity price offers to solar customers. The Commission's report states:

"In SEQ, the electricity prices associated with the offers without a FiT were generally not competitive with those that did offer one (in Queensland the highest price offer was the one without the FiT)."

Deregulation of the retailer feed-in tariff supports retail competition and provides incentives for greater energy product diversity which delivers benefits to consumers. Despite the current regulation of the retailer feed-in tariff, the market has reached a level of effective competition and will only benefit further from deregulation of the FiT.

We note the Commission will continue to "monitor the retail electricity market for solar customers in South Australia and retain the power to re-introduce regulation of the minimum R-FiT at a future time, should evidence arise that it was in the long term interests of customers to do so". Should the Commission decide to review regulation of the minimum R-FiT at a future time, the Energy Council and its members would support an open and constructive consultation process.

Any questions about our submission should be addressed to Panos Priftakis, Policy Adviser by email to panos.priftakis@energycouncil.com.au or by telephone on (03) 9205 3115.

Yours sincerely,

A handwritten signature in blue ink that reads "Kieran Donoghue". The signature is written in a cursive style.

Kieran Donoghue
General Manager Policy and Research
Australian Energy Council