SolarCitizens

STAND UP FOR SOLAR
www.standupforsolar.org.au

Submission to Queensland Solar Feed-In Pricing Inquiry &

Submission to Queensland Electricity Pricing Inquiry

23 November 2015

SOLAR CITIZENS

Solar Citizens is an independent community-based organisation that aims to protect and grow solar in Australia. We work with our volunteers and supporters to stand up for over five million Australian solar owners and the millions more who want to go solar.

Solar Citizens stands by the following principles:

- **A fair go for solar:** Over five million Australians have made the move to solar, investing their own money to take energy generation into their own hands. Solar owners have chosen to do the right thing and they should not be unfairly penalised or discriminated against.
- **A fair return for a solar investment:** Solar owners invest their money to take control of their power bills and produce clean energy. They should receive a fair payment for the energy they produce.
- **Solar for all:** In such a sunny country, solar just makes sense. The widespread economic, social and environmental advantages of solar benefit families, communities and individuals. Every Australian who wants solar should have the ability to make that move - whether renter, home owner, business owner, individual, family member or community.
- **Embracing a new approach to energy:** The solar revolution has come quickly, but our energy networks haven't kept up. Solar needs to be part of a smarter approach to energy, one which includes innovative pricing and demand management. Network operators must invest in technology designed to accommodate growing solar and renewable energy production.
- **A renewable energy future:** Solar is an essential part of Australia's transition to renewable energy, using our unlimited, clean, natural resources to power our lives and create a healthy future for our children.

RESPONSE TO ISSUES PAPER

Solar Citizens welcomes the opportunity to provide a submission to the Queensland Productivity Commission's Inquiries into Electricity Pricing and Solar Feed-In Pricing. Although these inquiries are distinct they are happening in parallel and cover many similar issues. For this reason Solar Citizens has prepared one submission for both inquiries.

SOLAR CITIZENS MEMBER SURVEY

In order to obtain a representative and broad range of views concerning electricity pricing and solar feed-in pricing from our members, Solar Citizens undertook an online survey of supporters views in Queensland in mid November. The full results of this survey accompany and form part of our submission. Below is a summary of the results of the survey accompanied by policy suggestions made in accordance with the principles of Solar Citizens. The complete data of the survey with all additional comments made by respondents is available at this link[1] and is a formal part of this submission.

SURVEY METHODOLOGY & RESULTS

The online survey was emailed to over 6,000 Solar Citizens supporters in Queensland and promoted on social media and by other groups such as the Alternative Technology Association. After only seven days 685 responses were received. The survey consisted of nine questions including seven multiple choice and two qualitative questions. The overwhelming number of respondents indicated they lived in solar power households (652 respondees) with nearly half (319 respondees) eligible for the 44c/kWh Solar Bonus Scheme.

Question 3: What do you think a fair price for solar is?

- 0-10c
- 10-20c
- 20-30c
- 30-40c
- 40-50c
- The same rate that retailers buy electricity on the wholesale market
- Other _____

On the question of what members thought a “fair” price for solar is, the responses were varied. Approximately one-third (28%) of respondents thought a fair price was between 40 and 50c/kWh, another third thought that a fair rate would be the same rate that retailers buy electricity on the wholesale market and the remaining respondents were split or fielded ‘other’ responses. These ‘other’ responses included responses such as “1:1 parity” or “market + 50%”.

Question 4: What are the biggest issues facing solar owners?

This question was open-ended. Six major themes were identified from the responses: the unfair or low rate of a solar feed-in price; high network costs and ‘gold plating’ of the

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1 https://www.dropbox.com/s/867adr7u1qxmkqs/Solar%20Citizens%20Survey%20Data_QLD%20FiT%20Review%20Nov%202015%20.xlsx?dl=0

networks; unsupportive or inconsistent Government policy; the poor image or reputation that solar has; recouping investment; and, the move towards storage or exiting the grid.

The issues of a solar feed-in price and high network costs were clearly the biggest concerns for respondents. Nearly one-third (189) respondents identified the issue of a low or unfair feed-in price for solar being one of the biggest issues facing solar owners. Ben typifies the sentiment of many on the issue when he responded with this remark:

"(the biggest issue is) Being ripped off for the price we receive for our feed back power. I don't want to make a fortune but wish that it is made fairer. Make the rate the same as the rate we pay."

The issue of increasing fixed network costs was raised by 188 people (27% of respondents) and some of the comments made were illuminating.

Ian wrote:

"My largest concern is that by having a low feed-in tariff and still raising the line servicing charge, citizens are now discouraged from installing solar. It is now more expensive to purchase a reasonable solar installation, and feed-in your excess, than it is to solely use electricity from fossil fuels. It is also more expensive to purchase your own solar system and feed-in than it is to buy wholesale green electricity (solar in QLD).

This punishment needs to stop. Those who wish to install solar of their own should be no worse off than other electricity customers, and ideally would be rewarded for their green investment. Solar installed on residential premises should be encouraged for its green benefits, and the massive assistance it provides to our local economy."

And David's comment is typical of some of the criticism around 'gold plating':

"Electricity retailers trying to claw back the tens of billions they overspent on overbuilding the network - the poles and wires. This, in a falling market of reduced demand - they assumed inelastic demand [that is] people would always increase electricity consumption no matter what price was charged. Electricity retailers are now increasing standing charges and reducing per kWh consumption charges in an attempt to make solar less attractive and to get a return on their multi-billion dollar debts for having built what are likely to be stranded assets. It represents a huge incentive to solar owners to install battery storage and to leave the grid entirely.

The strong responses around increased network charges is not surprising. Following the price hike rises from 1 July 2015 that have seen fixed fees rise 20% in Queensland, 1962 people have signed a Solar Citizens petition calling on Minister for Energy Mike Bailey to stop these fee hikes.[2]

Qu. 5 Do you think the Queensland Government should support the initial roll out of battery storage as they have supported solar?

Battery storage is a significant issue for Solar Citizens members. Many have questions about when it will be feasible and whether Government and regulatory authorities will

[2] http://www.solarcitizens.org.au/qldfixedfees

support or obstruct the much anticipated take-up of storage systems to compliment solar powered homes.

A resounding 92% of respondents want to see the Queensland Governmentt support the initial roll out of battery storage.

Qu. 6 What do you see are the major benefits of residential solar to the Queensland electricity grid including other consumers?

For this question, respondents were restricted to identifying the single main benefit of solar electricity. The financial benefits of solar energy was identified as the top benefit with 49% of respondents followed by environmental benefits on 41%.

Benefit	%
Cheaper energy	49%
Environmental benefits	41%
Safer	0%
More reliable	1%
Other	9%

Qu. 7 What do you see are the major negative impacts of residential solar to the Queensland electricity grid including other consumers?

Again, respondents were restricted to identifying the singular main negative impact that residential solar has on the grid and other consumers.

Negative impact	%
Added expense	57%
Not as safe	0%
Less reliable	1%

Other	32%

The element of “Added expense” was clearly the most identified however over a third also specified “other”. Most of these respondents failed to see any negative impacts of solar:

“None! No negative impacts! Lessens the peak load and has ENABLED (and I mean that bad way) the uptake of residential Air-con to compensate for badly designed houses and lack of personal fortitude/endurance in the population...If it wasn't for solar, with the rise of air-conditioned classrooms, shops, houses and offices - WE'D BE STUFFED!”

- *Liza*

Indeed some respondents were critical of the question itself:

“The survey does not allow for no negative impacts and is thus a loaded question. The impact of solar is substantially positive in reducing GHG emissions and driving down the wholesale price of power during air conditioning driven summer peaks. It reduces profits for generators but that is not a problem for consumers.”

Qu. 8 How often do you think the solar feed-in price should be reviewed?

This question was open ended. The most popular response was to have the feed-in price for solar reviewed every year. However the second most popular (and unprompted) response was around a dynamic price in line with changes to wholesale prices or to maintain a 1:1 price in line with retail prices.

Review period	**%**
6 monthly or less	4%
Annually	26%
2 years	9%
3 years	7%
4 years +	21%
Dynamic - in line with market price changes	19%
Other	14%

One interesting response was this:

"We are solar farmers, we should be able to get a fair price at market from providers without barriers. Annually."

Other respondents said that the price should never change or that it should remain for the length of the contract.

Qu. 9 What other comments do you have to make about Queensland's solar feed-in price?

This final question enabled respondents free range to voice other issues on their mind. Again, an attempt has been made to categorise the responses under themes which emerged (see table below). Feed-in tariffs were once more the primarily concern raised in 27% of the comments. Another key issue raised was the need for us to encourage and invest in renewable energy.

Issue Raised	**%**
Low or unfair FiT	27%
Poor, unsupportive or inconsistent Govt policy	7%
High network costs / Gold Plating	5%
Solar has a reputational problem	2%
Need to encourage renewables / storage	13%
Recoup investment	4%
Storage / Grid exodus	5%
Other	23%

Below is a sample of the most representative or interesting comments made:

“I am feeding my power to my next door neighbours during the day and they are being charged 26c/kWhr compared to the 6c I am receiving. There is not much infrastructure between my house and theirs. The whole idea of solar was to produce clean energy and the 44c initially offered was excessive and now those on 6c are making up the shortfall.”

- *Peter*

“I would assume those of us who installed solar did so because we thought it was a logical thing to do with the rising cost of electricity and the government urging people to do so, for this reason and to help the environment, but why am I not surprised they are trying to change the rules. If they had the intelligence one would assume they should have, they would have taken on selling and installing solar, and they could have made money, but of course, as usual, the only thing today’s government knows how to do is spend money, not make it. When are they going to wake up?”

- *Leanne*

“I believe NO rural or isolated community should be on the national grid. With solar power, aid power and thermal underground energy why waste power through cable-losses?

In urban areas the sun also shines provided there is not to much coal-power created smoke of toxic gases. Solar power should be mandatory on all new dwellings constructed.”

- *Chris*

“Bring on Battery storage for home use and give the energy providers some real competition. Stop private company gouging of the Australian public and give all a fair go to live.”

- *Joe*

“For those of us who signed up early, the original conditions should remain for early customers. That is fair. New customers should be encouraged to take up solar by giving them a reasonable feed in tariff or subsidised battery storage to reduce our reliance on fossil fuels. Energy companies should be encouraged to sell solar and battery storage.”

- *Norman*

RECOMMENDATIONS

In line with the responses from supporters and the principles that guide Solar Citizens, we submit the following recommendations for consideration by the Queensland Productivity Commission for the inquiries into electricity pricing and solar feed-in pricing.

1. A 'fair' rate for a solar feed-in prices should be determined with reference to the:

    a. environmental benefits of solar electricity;

    b. the savings to all consumers due to network transmission savings; and

    c. the network savings of reduced peak demand as a result of solar PV installations.

    The feed-in prices generally offered by the market to new solar households (4-8c) do not reflect these significant benefits. As such, prices should be adjusted or market mechanisms should be enabled (peer-to-peer trading schemes) to ensure a fair feed-in price.

2. Regulations should be reviewed to enable solar owners to export their excess solar electricity back to the grid to other consumers either directly via 'peer-to-peer' systems or through a more flexible electricity market.

3. The Government should urgently investigate ways to support the roll-out of storage options for electricity customers, especially those with solar pv rooftops to make the most of solar collected during day to reduce peak demand and hence overall network costs.

4. The Government should undertake a review of regulations to ensure there are no obstructions to residential battery storage and to maximise the gains that could be had from a widespread take-up of batteries such as a reduction of peak demand. This might include ensuring systems are in place to monitor and measure residential PV generation and storage.

Appendix 1 - Survey

Have your say on QLD's Solar Price & Electricity Pricing Scheme

The Queensland Government is undertaking a review of the Solar Feed in Price as well as a broader review into all electricity pricing issues.

Fill out this survey and we'll take it to the Government along with others to get a better deal for Solar Owners.

_____

Qu1. I have solar on my roof

(choose one)

Y / N

Qu. 2 What feed in tariff are you currently on?

(choose one)

A. 44c

B. 6-8c

C. Don't know

Qu. 3 What do you think a Fair Price for Solar Power is?

(choose one)

- 0-10c
- 10-20c
- 20-30c
- 30-40c
- The same rate that retailers buy electricity on the wholesale market
- Other _____

Qu. 4 What are the biggest issues facing Solar Owners?

(qualitative) _____

Qu. 5 Do you think the Queensland Government should support the initial roll out of battery storage as they have supported solar?

Y / N

(other comments box)

Qu. 6 What do you see are the major benefits of residential solar to the Queensland electricity grid including other consumers?

- Cheaper energy
- Environmental benefits
- Safer
- More reliable
- Other - please specify:

Qu. 7 What do you see are the major negative impacts of residential solar to the Queensland electricity grid including other consumers?

- Added expense
- Not as safe
- Less reliable
- Other - please specify

Qu. 8 How often do you think the Solar Feed in Price should be reviewed?

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Qu. 9 What other comments do you have to make about Queensland's Solar Feed in Price?

(max 250 words)