



PO Box 4136  
East Richmond VIC 3121  
T 131 806  
F 1300 661 086  
W redenergy.com.au

PO Box 632  
Collins St West VIC 8007  
T 1300 115 866  
F 1300 136 891  
W lumoenergy.com.au



15 April 2016

Queensland Productivity Commission  
PO Box 12112  
George Street QLD

Submitted electronically

Dear Sir/Madam,

## Re: Solar Feed in Pricing in Queensland

Red Energy (Red) and Lumo Energy (Lumo) welcome the opportunity to make a submission to the Queensland Productivity Commission's (QPC) Draft Report on Solar Feed in Pricing in Queensland - March 2016 (the Draft Report).

Red and Lumo are 100% Australian owned subsidiaries of Snowy Hydro Limited. Collectively, we retail gas and electricity in Victoria and New South Wales and electricity in South Australia and Queensland to approximately 1 million customers.

In general we support the major recommendations from the QPC's Draft Report. We consider that the recommendations will ensure that the price of solar exports remain efficient and fair in the long term. We retail to Queensland customers in South East Queensland (SEQ) and provide our submission on this basis.

## Framework for setting fair pricing for solar exports

Red and Lumo consider that the most appropriate mechanism for setting a fair price for solar exports is the competitive market. The Draft Report notes that there has been no mandated feed-in tariff in SEQ since 2014, allowing retailers to offer a feed-in tariff that is set by the market. The Draft Report suggests "overall, we have concluded that Queensland solar PV owners are being fairly compensated for public and consumer benefits from solar exports from a combination of renewable energy programs, market contracts in SEQ and the regional feed-in tariff".<sup>1</sup>

Red and Lumo strongly agree with this statement, as we consider that there is a high level of competition, with multiple retailers competing for solar PV customers in SEQ providing a range of feed-in tariffs and other options to solar customers. We urge the QPC recommends that no case for mandated feed in tariffs exists in the SEQ.

Red and Lumo are comfortable with the QPC's findings which have determined that:

- no case to pay solar PV owners for the impact of solar PV on wholesale prices has been made. Paying solar PV owners for any reduction in wholesale market prices from solar PV could very well increase electricity prices for consumers in the long term.
- network benefits from solar PV are best harnessed where they can reward these benefits efficiently rather than paying all solar PV owners a uniform feed in tariff.
- there are no social benefits that would justify an increase in solar feed in tariffs.

---

<sup>1</sup> Draft Report <http://www.qpc.qld.gov.au/files/uploads/2016/03/Solar-Draft-Report-FINAL.pdf> pg xiii

## Other Matters

An increased feed in tariff to reflect emissions reductions beyond that achieved through the Small-scale Renewable Energy Scheme would not be welcomed. Such subsidies to solar PVs would only transfer income from non-solar households to those with solar. Therefore, any policy adopted in this regard would be regressive in nature. Further, we consider that it would contribute to a cross subsidy between solar customers and those remaining electricity consumers, which we do not support.

Red and Lumo are members of the Australian Energy Council and are supportive of the comments made in their submission.

Red and Lumo would like to thank the QPC for the opportunity to comment on its Draft Report. For any further enquiries regarding this submission, please call Con Noutso, Regulatory Manager on 03 9976 5701.

Yours sincerely

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

**Ramy Soussou**

General Manager Regulatory Affairs & Stakeholder Relations

**Red Energy Pty Ltd**

**Lumo Energy Australia Pty Ltd**