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Kim Wood
Chairman
Queensland Productivity Commission
PO Box 12112
George Street
Brisbane QLD 4003

Submitted Electronically via <http://www.qpc.qld.gov.au/inquiries/solar-feed-in-pricing/>

Dear Mr Wood

Draft Report on Solar Feed-In Pricing

EnergyAustralia welcomes the opportunity to comment on the Queensland Productivity Commission (the Commission) Draft Report on Solar Feed in Pricing and we agree with the recommendations contained therein. We are one of Australia's largest energy companies, with over 2.5 million household and business customer accounts in NSW, Victoria, Queensland, South Australia and the Australian Capital Territory. We also own and operate a multi-billion dollar portfolio of energy generation facilities across Australia, including coal, gas and wind assets with control of over 4,500MW of generation in the National Electricity Market.

EnergyAustralia recognises that distributed solar generators provide a benefit to the market and should be remunerated. We believe that appropriately valuing distributed generation will ensure that the right investment signals are sent so that the market can respond in the most efficient manner.

The true value of solar generated electricity fed into the distribution network is best determined by the competitive market. However, we acknowledge that the retail energy market in regional Queensland has not yet developed into a fully competitive environment and therefore that regulation of the feed-in price is acceptable. This will provide assurance to customers that they are appropriately compensated for their investment in small scale solar installations.

Although this inquiry does not focus directly on retail price deregulation, it is an important contextual issue to consider. Price deregulation will lead to increased competition in South East Queensland, and while lower prices are often heralded as the key benefit of increased competition, it is also likely to bring with it product and offering differentiation. Given the high rates of solar uptake in Queensland, retailers have a strong incentive to compete by offering attractive offers to solar customers. Any determination of a regulated rate could serve to

dampen competition in this space by providing a benchmark which retailers would have little incentive to go beyond.

EnergyAustralia is confident that the feed-in price levels currently available in the market appropriately reflect the benefit attributable to solar generation and that appropriate incentives exist to ensure efficient levels of distributed generation in the market. With the key benefits of avoided centralised generation and associated carbon emissions already captured via the Small-scale Renewable Energy Scheme RES we do not feel that changes are required. Our concern is that inappropriately including additional components in the feed-in price will translate to higher costs being unfairly borne by non-solar customers.

In light of this, we support the Commission's recommendations in full.

If you require any further information with regard to this submission, please contact me on 86281731 or via email at joe.kremzer@energyaustralia.com.au

Yours sincerely,

Joe Kremzer
Industry Regulation Lead