

## Submission to the Essential Services Commission Minimum feed-in tariff review 2025–26

In my view, this decision setting the minimum feed in tariff (FIT) hasn't adequately valued the benefits provided by customers exporting solar. The methodology behind this decision does not appear to consider the substantial increases in the 'supply charges' imposed by retailers on customers, despite the influence of solar exports in reducing pressure on the generation and supply of electricity from other sources (notably fossil fuel/coal power generation). Electricity prices paid by consumers over the last 2-3 years have been - and continue to be - at record high levels, prompting governments to provide customers with direct energy relief in the form of bill rebates, one-off payments and concessions (and this as recent as Oct 2024). Yet the methodology seems to emphasise a reduction in averaged electricity wholesale prices and uses that as the main factor in calculating the minimum FIT. The decision to reduce the minimum FIT doesn't consider that the FIT has already been largely negated by retailers increasing so-called 'supply' and administrative charges.

The methodology doesn't appear to take into account the increase in battery installation (household/small business or local storage of electricity) which also reduces pressure on the generation and supply of electricity at peak times. Why isn't the beneficial value of this household generation *and storage*— the value to suppliers /retailers through reducing pressure on system – factored into calculations of the minimum FIT?

The carbon/environmental benefits and health benefits to the community from customers investing on solar generation and storage are not given sufficient weighting in the methodology – they are undervalued.

The methodology and the decision also ignores the solar 'uptake incentive' aspect of the minimum FIT, which encourages consumers to invest in small scale solar and storage batteries. Setting the flat 'at-all-times' minimum FIT at only four *one-hundredths* of a cent (0.04) is ridiculously low, and will act as a disincentive to transition a home or small business to solar generation and storage. The current minimum 'at-all-times' FIT of 3.3 cents per kWh already represents a 36% drop in the FIT since November 2023. It will damage the *perception* by householders that they can recoup a small proportion of their overall billed costs of electricity during part of the year, at least.

Above all, the methodology, and the consequent decision, is in error when it states that *'any electricity used in the home from the household's solar electricity is 'free' as customers avoid paying retail electricity prices'*. **It is not 'free'**: the cost has shifted and is still borne by the customer. It is a very expensive investment for an average householder (or small business owner) to install a solar system and storage – and the costs of that installation have gone up, not down, over the last 6 years, as the demand for installations continues to increase. The calculation of the FIT should take into account the heavy expense that solar exporting households and small businesses have incurred - even with the assistance of some government subsidies - in order to transition to solar electricity: and that transition isn't just a 'lifestyle choice' for a few; it is a necessity now for the whole community to transition to renewable energy. The idea that *"solar customers continue to benefit from their solar systems by using the free electricity"* and that *"they avoid buying electricity from their retailer and therefore paying retail rates"* is misleading and ignores the fact that, to harness the solar power for the household in the first place, considerable up-front costs have had to be borne by individual customers ('exporters'), commonly paid for through loan arrangements, with these ongoing costs continuing to be borne by the customer for some years.

I would think it most unlikely that any electricity retailer will offer customers a FIT which is above the minimum set by the Essential Services Commission. The methodology doesn't include summary information about how many exporting customers can actually make use of the time varying feed-in tariffs; most exporting customers, particularly individual households, would likely only have electricity plans (and generation capacity) which provides the minimum FIT 'at-all times'.

Noting in particular your objective 'to promote the long-term interests of Victorian consumers' I appeal to the Essential Services Commission to ensure that the 2025-26 minimum FIT does not fall any further below the current rate of 3.3 cents.