

Minimum Feed-in Tariff Review 2025-26

Submission received on our draft decision paper on minimum feed-in tariff review 2025-26

Submission prepared by:

Anonymous 17 (please do not publish my name)

Organisation:

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I have read and agree to the above submissions and privacy collection statement.

Yes

Please confirm which one of the following applies to your submission:

I agree to my submission (other than the information I have identified as confidential or commercially sensitive (if relevant)) being published, but please do not publish my name.

Date submitted:

31 January 2025

Submission to pricing team inbox:

I am writing to add my voice to the objections you'll already have received to the proposal to drop the default feed-in tariff to 0.04 cents - ie essentially zero.

The smells strongly of being a response to lobbying by the usual suspects in the electricity industry.

As I see it, the problem stems from there not having been a comprehensive overall plan for a zero-emission electricity system in Australia, despite the decades for which we've known not only that it would be essential for greenhouse reasons, but also because the creaking old infrastructure would need such an overhaul regardless. It would be unfair of me to direct the entire blame for the problem onto you.

Perhaps there has been the hope (and dare I say, even the belief) by some, that with appropriate market settings, a fit-for-purpose new electricity system would magically evolve by virtue of 'the invisible hand of the free market'.

Public-minded citizens have been doing the only thing they can do - investing in their own rooftop solar to reduce everybody's carbon dioxide footprint. And their own reduction in electricity bills is no less than they deserve - they've also saved the utilities an enormous amount, and (if the market has been working properly) have also been responsible for reduced bills for others without their own rooftop solar.

The utilities were in the perfect position to see exactly what was happening, and invest accordingly in firming infrastructure - not just batteries (which are relatively quick to deploy and essential for short term firming, but are expensive, of limited capacity and with only a modest lifespan), but also pumped hydro. Pumped hydro facilities began being constructed around the world in the 1960s (60 years ago) because they could provide the despatchability not otherwise available from unresponsive generating stock like nuclear and coal. Now of course we need it to firm intermittent sources such as solar and wind. A decade ago, thousands of suitable pumped hydro sites had already been identified across Australia - there are over 4000 such sites in Victoria, not on National Park land, not on rivers, and not in places where they'd jeopardise natural ecologies or biological diversity.

But did the utilities make the investment decisions they should have? No! Was it because the 'market settings' weren't right? Maybe, maybe not. We can't necessarily assume that all we need to do is get the market setting right and everything else will follow. But regardless, simply cutting the feed-in tariff isn't going to do it. It'd amount to rewarding the utilities for doing having shirked their duty. And next year they'll be back lobbying to make the feed-in tariff negative - they definitely will. Their bluff needs to be called.

Far better would be to restore the previous feed-in tariff (5.2 cents). Make the utilities pay what is a very reasonable price for the commodity they can then sell for a very good profit - if they invest in the firming technology to 'time-shift' despatch from purchase. But without being forced to pay for people's rooftop solar they're not going to make that investment.

The utilities are being lazy and trying to get you to do their dirty work for them. Instead, how about supporting community-minded citizens to help do their clean work for them.

Personally I am already off the gas network and with fully battery-backed solar such that I can simply exit the grid at any time. I never draw from the grid, never. At many public lectures I've attended (at Melbourne Uni and elsewhere), I've heard concern expressed about a potential death spiral for the grid as home battery prices fall and more (wealthier) people are able to exit the grid leaving the bill for the 'gold plated poles and wires' to be paid for by those least able to do so. Indeed, I've heard such speakers pleading with people like me to stay on the grid on the basis of it being our moral duty to help pay for it for the sake of those less well-off. I have no sympathy for such a plea. If the grid is a mess, it is a mess of their own making and a striking example of market-failure. And I'm happy for the failed market go in to a critical condition because it'll force governments across the country to step up, take control, and fix it.

Restore the feed-in tariff, don't cut it.

Sincerely,

P.S.

In addition to being counter-productive for the grid and the electricity market, cutting the feed-in tariff would cause irreparable damage to public trust in the Essential Services Commission (and public institutions in general).