

Beyond the Grid Pty Ltd
T/A Pure Electric Solutions
ABN 67 603 174 661
38 Ewing St BRUNSWICK VIC 3056
1300 86 7873
www.pure-electric.com.au



PURE ELECTRIC
THE POWER TO BE FREE

23 January 2023

To the Essential Services Commission,

Re: Minimum Feed-in Tariff Review 2025–26

We write to express deep concern over the decision to slash feed-in tariffs (FiTs) for solar energy to as low as 0 cents or an average of 0.4c/kWh. This policy undermines Victoria's progress towards renewable energy adoption and contradicts the urgent need to transition away from fossil fuels. I urge the Commission to implement a feed-in tariff structure starting at 10-15c/kWh, with provisions for adjustment based on market and environmental factors.

Economic Incentives for Solar Adoption

The current proposal disincentivizes households and businesses from investing in solar installations. A fair and attractive FiT is crucial to stimulating the uptake of solar energy, which is essential for achieving state and national renewable energy targets. A starting FiT of 10-15c/kWh would:

- Reflect the true environmental and social value of solar energy.
- Provide a reasonable return on investment for consumers.
- Encourage sustained growth in the renewable energy industry.

By reducing FiTs to negligible levels, the Commission effectively signals that burning fossil fuels—and the associated environmental and health costs—is an acceptable status quo. This contradicts Victoria's goals of decarbonization and clean energy leadership.

The Commission fails to take into account the long-term value of debasing the coal and gas industry from supplying fuel and instead focuses on a short-term valuation of not burning fossil fuels. The long-term effects are worth a considerable amount to the community. The benefits are compounding year after year when a MWh of fossil fuel-derived energy is not dispatched. Every MWh that goes out encourages another MWh to go out (i.e., the stimulus of allowing a MWh of coal or gas to go out creates the environment to sell another).

A Dynamic Feed-in Tariff Model

I propose a dynamic FiT model, starting at 10-15c/kWh and adjusted every six to twelve months to achieve targeted solar installation levels. Specifically:

1. **Initial Tariff:** Start at 10-15c/kWh to incentivize installations and achieve a target of 2000 MW per year in Victoria (equivalent to 8000 MW nationwide).
2. **Adjustment Mechanism:** Ratchet the FiT down incrementally once annual installation targets are consistently met, or up incrementally if they're not being met.
3. **Environmental Trigger:** Maintain a strong FiT until fossil fuel generation is eliminated from the grid.

This adaptive model balances consumer incentives, industry growth, and grid stability while ensuring progress towards a fossil-free energy system.

Fossil Fuel Costs vs. Solar Benefits

The true cost of burning fossil fuels includes significant health, environmental, and economic damages. These externalities are not reflected in the current energy market. Solar power, by contrast, reduces greenhouse gas emissions, improves air quality, and mitigates climate impacts. A higher FiT acknowledges these benefits and aligns market signals with societal goals.

Conclusion

Victoria's FiT policy should serve as a tool to drive the transition to a renewable energy future. Setting the FiT at 10-15c/kWh as a starting point will accelerate solar adoption, reduce reliance on fossil fuels, and position Victoria as a leader in clean energy. Only when fossil fuels are no longer burned for energy can we consider the renewable energy industry "saturated." Until then, strong incentives are essential.

I urge the Commission to reconsider the proposed FiT rates and adopt a dynamic, fair, and forward-thinking policy that supports the growth of renewable energy in Victoria.

Yours sincerely,

Matthew Wright and Paul Szuster
Beyond the Grid Pty Ltd T/A Pure Electric Solutions



1300 86 7873