



E-mail: fitreview@esc.vic.gov.au

## **Submission of the Synod of Victoria and Tasmania, Uniting Church in Australia to the minimum feed-in tariff review 2025-2026**

### **31 January 2025**

The Synod of Victoria and Tasmania, Uniting Church in Australia, welcomes the opportunity to provide a submission to the review of minimum feed-in tariffs for 2025-26.

The Uniting Church in Australia has had a long-standing concern for living in harmony with our natural environment and, more recently, taking action to address climate change.

The Synod strongly supports the aim of the Paris Agreement to strengthen the global response to climate change, including setting a collective goal to keep the global temperature increase to well below 2°C and pursue efforts to keep warming below 1.5°C above pre-industrial levels.

We are concerned that the methodology for calculating the avoided social cost of carbon through the 21 February 2017 *Order Specifying a Methodology and factors for the Determination of the Avoided Social Cost of Carbon* does not adequately account for the growing body of evidence of the health costs of fossil fuel use in electricity generation, being nearly eight years old. The 2024 report by Doctors for the Environment Australia, *Fossil Fuels are a Health Hazard*, documents the increasing body of evidence of the health impacts of fossil fuel use. The health impacts include deaths from heat waves, heat strokes, kidney disease, cardiovascular impacts, and increased levels of asthma.<sup>1</sup> Included in the costs should be the costs to the health system in Victoria as a result of the climate change contribution of fossil fuel generated electricity. Many of these costs are considered in the Commonwealth Government *National Health and Climate Strategy*.

The Synod is also concerned that the sudden drop to close zero minimum feed-in tariffs will cause hardship to some households that installed solar panels to reduce their electricity bills who will now find their electricity bills will significantly increase based on electricity consumption at times when their PV solar rooftop system is not generating enough electricity to meet their consumption.

We urge that the calculation of the impact of the change in feed-in tariff consider the equity impact based on household income distribution.

Additional impacts from the decision may be to encourage more households with rooftop solar to install batteries.<sup>2</sup> While there are zero interest loans available from Solar Victoria, there are no available subsidies to install batteries placing them out of reach of many low-income households. The installation of batteries requires a long-term view, as the payback period has

---

<sup>1</sup> Doctors for the Environment Australia, 'Fossil Fuels are a Health Hazard', August 2024, 10-11, 14

<sup>2</sup> Tony Boyd, 'No end to Australia's love affair with solar', *The Australian Financial Review*, 29 September 2024; and Australian Energy Regulator, 'Insights into Australia's growing two-way energy system. Export services network performance report 2024', December 2024, 14.



been 10 to 14 years.<sup>3</sup> The Australian Energy Regulator has noted that in the 2023 – 2024 financial year, approximately 16% of all new rooftop solar installations included a battery system.<sup>4</sup> That was up from 11% the year before. However, in Victoria the proportion of households exporting electricity to the grid from rooftop solar panels systems in the 2023 – 2024 financial that had batteries was only between 2% and 3%.<sup>5</sup> Disconnecting from the grid as a result of the feed-in tariff being set close to zero is less likely due to the costs involved to ensure a reliable electricity supply.<sup>6</sup>

The significant change in feed-in tariff is also likely to discourage additional households from installing rooftop solar, or cause them to install smaller systems, by significantly altering the payback period for installing rooftop solar panels. Solar Quotes has estimated that the payback period of a 6.6 kW system would have a payback period of 6.75 years with a feed-in tariff of 3 cents/kWh. The payback period would increase to nine years when there is no feed-in tariff.<sup>7</sup> An analysis published in 2021 found that in Darwin for each additional year of payback period there was a 10% drop in the likelihood that a household would install rooftop solar panels.<sup>8</sup>

Previous analysis published in 2020 found that for southeast Queensland residential PV adoption was highly correlated with the change in feed-in tariff policies.<sup>9</sup>

Therefore, the proposed reduction in feed-in tariffs could reduce demand for rooftop solar panels, hindering Victoria's goal of 95% renewable electricity by 2035.<sup>10</sup> The Synod is particularly concerned that this change could make it harder to achieve the planned increase in rooftop solar by 6.3 GW between 2024 and 2035, making up 20% of Victoria's electricity generation.<sup>11</sup>

The Australian Energy Regulator has assessed that residential rooftop solar PV systems will play a "substantial role" in the energy transition, "noting that well-coordinated consumer batteries could avoid up to \$4.1 billion of additional expenditure on utility-scale storage in the National Energy Market (NEM)."<sup>12</sup>

The setting of the minimum feed-in tariff of close to zero may have the positive benefit of encouraging greater take up of electric vehicles for households wealthy enough to afford the purchase of such a vehicle.<sup>13</sup> The argument is that an electric vehicle will be able to charge during the day on the power that is next to worthless if exported into the grid.

---

<sup>3</sup> Sophie Vorrath, 'Solar duck sends rooftop feed-in tariff close to zero. Is this the new normal?', *Renew Economy*, 13 January 2025.

<sup>4</sup> Australian Energy Regulator, 'Insights into Australia's growing two-way energy system. Export services network performance report 2024', December 2024, 2.

<sup>5</sup> *Ibid.*, 9.

<sup>6</sup> Michael Bloch, 'Victoria's Draft 2025/26 Feed-In Tariff Rates: Race Yourself', Solar Quotes, 13 January 2025.

<sup>7</sup> Michael Bloch, 'Victoria's Draft 2025/26 Feed-In Tariff Rates: Race Yourself', Solar Quotes, 13 January 2025.

<sup>8</sup> Kerstin Zander, 'Adoption behaviour and the optimal feed-in tariff for residential solar energy production in Darwin (Australia)', *Journal of Cleaner Production* **299** (2021).

<sup>9</sup> Haifeng Lan, Bin Cheng, Zhonghua Gou and Rongrong Yu, 'An evaluation of feed-in tariffs for promoting household solar energy adoption in Southeast Queensland, Australia', *Sustainable Cities and Society* **53** (2020).

<sup>10</sup> Victorian Department of Energy, Environment and Climate Action, 'Cheaper, Cleaner, Renewable: Our Plan for Victoria's Electricity Future', August 2024, i.

<sup>11</sup> *Ibid.*, 17, 25.

<sup>12</sup> Australian Energy Regulator, 'Insights into Australia's growing two-way energy system. Export services network performance report 2024', December 2024, 1.

<sup>13</sup> Tony Boyd, 'No end to Australia's love affair with solar', *The Australian Financial Review*, 29 September 2024.



There may also be positive benefits of encouraging households with rooftop solar to switch to electric hot water systems or a heat pump hot water system, if they have the financial means to do so.<sup>14</sup>

While we acknowledge potential benefits of reducing the minimum feed-in tariff close to zero—such as encouraging higher-income households to adopt heat pump hot water systems or electric vehicles—we are deeply concerned about the disproportionate impact on lower-income households. This decision risks undermining the Government's renewable energy goals by discouraging the adoption of rooftop solar, making it more difficult to install sufficient solar capacity for a smooth transition from fossil fuels to renewable energy over the next decade.

Dr Mark Zirnsak  
Senior Social Justice Advocate  
Synod of Victoria and Tasmania  
Uniting Church in Australia

Phone: [REDACTED]

E-mail: [REDACTED]

---

<sup>14</sup> Michael Bloch, 'Victoria's Draft 2025/26 Feed-In Tariff Rates: Race Yourself', Solar Quotes, 13 January 2025.