

## Draft proposed Min FiT 2019\_20 Comments

### Background information;

- I have had a 5 kW PV system installed for nearly four years;
- My power tariff is flexible/Time of Use i.e. Off Peak, Shoulder, Peak;
- My power retailer is Powershop through which I can monitor the daily consumption for each of these time slots in addition to the PV feed in back to the grid and air conditioning consumption via the 'climate saver, circuit';
- Tracking the daily PV generation enables me to determine how much of this is consumed 'in-house';
- I also have a Solar Analytics module installed which monitors real time power used by my heat pump HWS, PV generated and total house power consumption (PV + grid - air conditioner).

Therefore with all the power data and knowing the various consumption costs and FiT rates, I am able to closely monitor my net daily, monthly and annual power costs.

### Comments

I have read the draft FiT proposals for both 2018 and 2019 and the latter makes these specific comments based on these page references;

P.6

"We update the FiT on an annual basis to reflect changes in the wholesale electricity market and expectations of prices"

"Exporting any excess renewable electricity generated to the grid, and receiving a FiT for the amount of electricity exported"

P.7 "Last year, we set both a flat and a time-varying minimum FiT. The time-varying minimum FiT was based on three blocks – peak, shoulder and off-peak – and was optional for retailers to implement. This was intended to reflect the underlying value of the electricity, which is based on a wholesale electricity market in which prices change every 30 minutes, and which varies considerably across time.<sup>7</sup>

We propose to maintain this approach to provide more time to observe how a time-varying FiT may affect the market. We have also had regard to the range of FiTs (including time-varying) that are currently being offered in the market to see how retailers respond to a variety of consumer preferences."

P.9 "The minimum feed-in tariff (FiT) rates aim to reflect the costs a retailer avoids when purchasing electricity from a small scale generator (as outlined in figure 2.1 below), as well as including a value for the avoided social cost of carbon."

P.18 "Table 3.4 below sets out how each component contributes to the overall FiT for both the single rate and time-varying options".

However only variable component is 'Value of avoided distribution and transmission losses' with the difference between Single and Peak rate is 0.44 - 0.59 is 0.15 which is approximately 1.6% impact, almost inconsequential on the 'Wholesale electricity prices'

Comparing the two sets of draft rate proposals for the two years seems to suggest that the assumptions made in 2018 to arrive at proposed FiT were not particularly accurate and supported by the feedback from retailers.

Time Period	2018 c/kWh	2019 c/kWh	2019 % of 2018
Peak	29.0	14.1	-48.6%
Shoulder	10.3	10.7	3.9%
Off-Peak	7.1	8.9	25%

Q.1 How is it possible that proposed Peak rate is now less than 50% of 2018\_19? What does this suggest? Previous methodology grossly flawed?

Q. 2 Similarly the proposed Off peak rate should seem to suggest this. How much PV is expected to be fed in during this time? It would be minimal and so makes more sense for just 2 rates Peak and Shoulder.

While I can understand the attempted rationale in predicting the wholesale generation costs and the social cost of carbon, using these figures to propose a retail FiT seems an unnecessary impost on Essential Services Commission, particularly as I indicate the large disparity between the 2018 and 2019 proposals. I suggest a far simpler and equitable approach.

Let the retailers set their own various rates with the one proviso that each retailer **must charge the same supply charge**. It is incomprehensible that different rates are charged in the same wholesaler region, given that the power is sourced from the same power network.

This variation when combined with the retailer different consumption rates, makes it extremely difficult for the consumer to quickly and easily determine their best supplier.

Therefore my proposal would be that the **FiT is based on a percentage of the retail consumption rates**. ESC might wish to propose a different percentage for each of the TOU times, however I can see no reason why it should not be the same for each of TOU time zones and hence require no variation for the single rate.

This percentage approach seems a much fairer and equitable method of determining the FiT and should make retailers be more cautious as to what sometimes appears unsubstantiated and unjustified high consumption rates.