



21 December 2012

Attention: Brian Parmenter
Queensland Competition Authority (QCA)
GPO Box 2257
Brisbane QLD 400
Email: electricity@qca.org.au

Dear Sir

Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland

This letter is in response to the Draft Report prepared by the QCA on “Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland”. The NGF is pleased to have the opportunity to respond to the Draft Report and considers the work done by the QCA to be valuable to the electricity industry.

In summary:

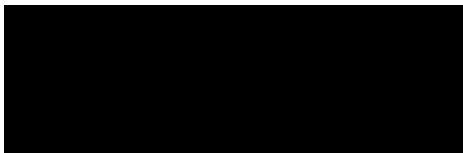
- We support Retailer funded FiTs, rather than distribution funded FiTs;
- Where there is competition for the energy produced by the customer, a payment need not be regulated. If, as in Queensland, there are segments of the population not benefiting from competition then a regulated FiT could apply (please note later comments).

With regard to equitably sharing the costs of the solar bonus scheme:

- The forecast Tariff 11 increases shown in figure 7.2, adding almost 8% to the tariff by 2015-16 are very concerning. These prices will discourage efficient consumption of electricity and will have ramifications for the wholesale energy market which is already experiencing an unprecedented decline in demand;
- The present pricing approach of access to the network for customers with PV panels is inefficient as the sunk network costs are not recovered from these customers. In effect, there is a wealth transfer from those without PV panels to those with PV Panels;
- In a competitive electricity market, the NGF does not agree with the QCA that the value of electricity exported from the household is a windfall for the retailer;
- Notwithstanding the previous comment: making retailers pay the regulated FiT to fund the Solar Bonus Scheme will reduce the excessive payments to householders with PV panels, reducing the burden on others without; therefore the NGF supports this measure;
- We agree the QCA should be conservative in setting the regulated contribution into the solar bonus scheme to ensure retailers are not exposed to costs they cannot recover.

We thank the QCA for preparing an excellent report and hope the NGF's comments are useful in its deliberations on the matter.

Yours sincerely



Tim Reardon
Executive Director