

Information booklet

Solar feed-in tariff 2023–24

Applying to customers in regional Queensland

Final decision

June 2023



The 2023–24 feed-in tariff is 13.441 c/kWh.

Our task

The Minister for Energy, Renewables and Hydrogen directed us to set a flat-rate solar feed-in tariff (FiT) to apply in regional Queensland for 2023–24, using an 'avoided cost' methodology.

Our pricing approach

We have maintained a pricing approach that is broadly consistent with our previous avoided cost methodology, but have updated it to reflect recent market developments.

The avoided cost methodology

When a retailer sources electricity from solar PV customers rather than the National Electricity Market (NEM), it avoids costs. These avoided cost components are used to determine the FiT rate.

Avoided costs components

12.420 c/kWh Wholesale energy costs	+	0.004 c/kWh RERT costs*	+	0.785 c/kWh Value of energy losses	=	13.441 c/kWh
0.095 c/kWh NEM management fees		0.047 c/kWh Ancillary services fees		0.090 c/kWh June 2022 market events		2023–24 FiT

Information on all aspects of our decision making process and methodology can be found in our [final decision](#).

* Reliability and emergency reserve trader scheme

Totals may not add up due to rounding.

Why is the FIT higher for 2023–24?

The FiT is higher due to increased wholesale energy costs, this is because:

- ◆ Thermal generators have been facing higher gas and coal prices due to the war in Ukraine and energy sanctions imposed on Russia.
- ◆ Lengthy outages at some Queensland generators have reduced the availability of energy supply in Queensland, leading to a tighter supply-demand balance.
- ◆ These outages reduced the average available capacity by around 864MW in Q4 2022.

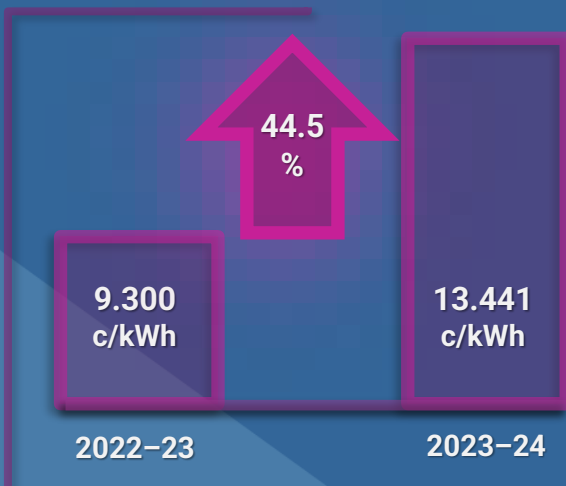
Should I invest in a solar PV system?

Customers should not base decisions to install or upgrade solar PV systems on the expectation the FiT will remain at its current level in future years.

The solar FiT is largely influenced by annually updated forecasts of wholesale energy costs, which are driven by a variety of domestic and international factors.

The large increases we have forecast for next year are not locked in forever. If forecast wholesale energy costs return to lower levels, so will the solar FiT.

How does the FiT compare to last year?



Why is the FiT less than usage charges?

Retailers still incur some costs when on-selling solar PV generated electricity.

$$\text{Retail costs} + \text{Network costs} = \text{Incurred costs}$$

A 'one-for-one' FiT would require the retailer to subsidise customers who export solar PV energy. The cost of a subsidy would then need to be recovered through higher electricity prices for all customers.

What is new for 2023–24?

We have refined our wholesale energy cost estimation approach by:

- ◆ Taking into account when and how much electricity smart meter customers use.
- ◆ Refining the way we estimate the price of ASX option contracts, to better reflect the costs a retailer faces.
- ◆ Considering the impact of the temporary coal and gas price caps implemented by the Australian and Queensland governments in December 2022.

We have included avoided costs associated with the June 2022 market events:

- ◆ Due to a shortfall of energy supply in the NEM, AEMO suspended the spot market and activated the RERT scheme.
- ◆ RERT participants and generators who operated at a loss during this period receive compensation, via a fee levied on energy purchased from the NEM.
- ◆ Retailers avoid paying this fee when sourcing energy from solar PV customers.