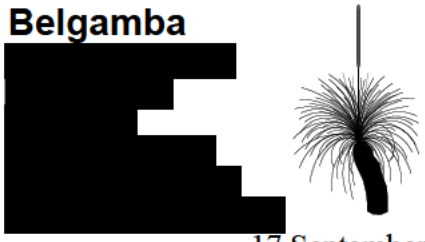

17 September 2012

Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001
Fax: (07) 3222 0599

Dear Sir/Madam,

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

In our submission to this inquiry, we wish to raise two issues –

1. **The discontinuation of contracted Feed-in-Tariff rate upon sale of a property.**

While existing contracted customers retain their original 44c/kWh rate and new customers contracted after 9 July 2012 only have the reduced FiT rate, we believe it is not *fair and reasonable* that the sale of **all** properties with an existing PV system should trigger a change of contract in that the new owner is deemed to be equivalent to a 'post 9 July 2012' customer. We recognise that the price of PV systems has reduced greatly in the last couple of years, which may justify a reduction of the 44 c/kWh FiT for houses that are sold with recently installed systems. However there should be special consideration given to those who purchased their PV systems in the first two years of the 44 c/kWh FiT when these systems were far more expensive than they are now.

As an example, we purchased a 3 kW system from BP Solar in 2008 which cost a net $22,621 ($33,244 less $2623 RECs less $8000 Fed). The decision to invest in this system was based on a payback period of between 15 and 20 years given a FiT of 44 cents. We had assumed that if we had to sell our house within this time period, the sale price would include a premium which reflected the continuing 44 cent FiT. This would be *fair and reasonable* compensation for the yet to be paid off portion of our capital investment. Unfortunately, under the new rules, there will be no incentive for any purchaser to pay a premium for our system.

2. **Recognition of the benefit of having distributed points of generation.**

We support the principle already recognised by the commission that: "*One of the benefits of distributed generation, including solar PV, is that it removes the requirement to transport energy long distances and therefore bypasses transmission losses.*" (page 10). We give our own situation as an example, although we have no specific calculations of network losses to back this up. We live at the very end of a SWER system about 7 km from the SWER isolating transformer. Our nearest neighbour (about 400m back from us) is a heavy user of air conditioning. It would be reasonable to assume that most of our export energy is consumed by the nearest neighbour, and the rest by adjoining neighbours, thereby saving Ergon significant distribution losses.

When considering the whole rural network, there may be an opportunity for Ergon to recognise this situation by setting a higher feed-in-tariff.

Yours faithfully,

Ian and Cathy Herbert