

The Queensland Competition Authority (QCA) has set the solar feed-in tariff for customers in regional Queensland to apply in 2016-17.

The QCA has set a feed-in tariff using the same methodology as in 2014-15 and 2015-16, as directed by the Minister for Energy and Water Supply, the Honourable Mark Bailey (the Minister).

The Minister noted that the setting of a regional feed-in tariff for 2016-17 will ensure customers in regional Queensland remain able to access a feed-in tariff that is fair and reasonable. The Queensland Productivity Commission (QPC) is currently conducting a solar feed-in pricing inquiry which will be considered by the State Government.

This fact sheet outlines the key findings of our final report.

Solar feed-in tariff

Under the *Electricity Act 1994*, prescribed retail entities are required to pay eligible customers in regional Queensland a feed-in tariff for surplus electricity generated from their solar photovoltaic (PV) systems and exported to the Queensland electricity grid.

Methodology

The QCA's approach ensures customers with solar panels¹ receive a fair return for the energy they export to the grid. We calculate the true market value of the energy exported as the sum of the direct financial costs that Ergon Energy (retail) avoids when it on-sells a unit of exported electricity from its solar PV customers.

When Ergon Energy (retail) buys energy from customers with solar panels, they avoid some of their normal business costs. These avoidable costs are:

- wholesale energy costs
- National Electricity Market (NEM) participation fees and ancillary services
- transmission and distribution losses.

However, Ergon Energy (retail) still incurs other normal business costs, including retail operating costs and transmission and distribution charges.

QCA determined a solar feed-in tariff

The QCA has calculated the true value of the energy exported as equal to the avoided costs. For 2016–17, the feed-in tariff for regional customers is 7.448 cents per kilowatt hour.

This rate is higher than last year's tariff of 6.348 cents per kilowatt hour. The higher rate is mainly due to an increase in wholesale energy costs, driven by increased demand from Queensland-based liquefied natural gas plants and higher fuel costs for gas-fired generation.

¹ Those who consume less than 100 MWh per year, with grid-connected PV systems not exceeding 5 kWh capacity.

Final Report: Solar feed-in tariff for regional Queensland 2016–17

Feed-in tariff for regional Queensland for 2016-17

<i>Avoided cost components</i>	<i>Cents/kilowatt hour</i>
Wholesale energy costs	6.569
NEM participation fees	0.048
Ancillary services charges	0.033
Value of network losses avoided	0.798
Feed-in tariff	7.448