

Public engagement summary: Minimum feed-in tariffs review for 2021–22

We engaged with interested stakeholders to hear and consider their views on our proposed minimum feed-in tariffs for 2020–21. The minimum feed-in tariffs will apply from 1 July 2021 to 30 June 2022.

We have received a total of 79 submissions and questions from 50 stakeholders. We have considered these submissions in forming our final decision.

Project background

A feed-in tariff is the rate at which customers are credited when they export excess electricity generated from their small-scale solar, wind, hydro or biomass generation facilities.

The commission sets the minimum feed-in tariffs that retailers are required to pay their solar customers each year.

In determining the annual minimum feed-in tariff, we run a public engagement process to ensure the views of interested stakeholders are heard and considered.

In view of the significant increase in the number of inquiries we had about the feed-in tariff in 2020 and the coronavirus pandemic, we further extended and improved our stakeholder engagement for this review. Our aim was to reach as many people as possible and to make it easier for them to have their say in this environment.

We sought stakeholders' feedback in a number of ways. See 'How we engaged' below.

Based on the number of submissions we received and the level of stakeholder participation in our public forums, we are satisfied that stakeholders had ample opportunity to provide the commission with feedback on the draft decision.

The engagement process has informed our decision making and we have provided a summary of how on pages 4-5. We have made our decision after considering all matters raised by stakeholders and all relevant provisions and matters we must have regard to under the Electricity Industry Act 2000 and the Essential Services Commission Act 2001.

How we engaged



Key dates

- 17 November 2020: draft decision paper was released. We sought views on our draft decision to setting the minimum feed-in tariffs that will apply from 1 July 2021.
- 3 December 2020: two online public forums were held. We explained our draft decision, heard from stakeholders and took questions from attendees.
- 17 November–8 January 2021: Engage Victoria: our virtual public forum was made available. Stakeholders were invited to raise questions and the commission responded to those questions in public.
- 8 January 2021: submissions to draft decision paper closed.
- 25 February 2021: final decision and price determination was released.



Methodology

- We sought feedback and submissions via Engage Victoria for the draft decision.
- We held online public forums.
- We ran Engage Victoria: our virtual public forum.
- We invited stakeholders to email us at fitreview@esc.vic.gov.au.
- We had one-on-one meetings with stakeholders.



Number of participants

- Between 17 November to 8 January, we had 454 views of our [Engage Victoria consultation page](#) by 257 visitors.
- 22 attendees at our public forums including:
 - solar customers
 - consumer representatives and advocates
 - energy retailers
 - government departments.



Number of submissions received (written, verbal)

- 79 submissions and questions from 50 stakeholders. These included:
 - 47 written submissions made through our page in Engage Victoria and by email
 - 32 questions raised through a virtual public forum at our Engage Victoria page.

All submissions can be found on our [website](#).

All stakeholder questions and our responses can be found on [Engage Victoria](#).

Summary of feedback

We proposed	You said	We did
<p>We proposed the minimum:</p> <ul style="list-style-type: none"> flat feed-in tariff rate to be 7.1 cents per kWh starting 1 July 2021 time-varying feed-in tariff rates to be in the range of 6.2 to 11.1 cents per kWh. 	<p>Almost all solar customers disagreed with our proposed minimum feed-in tariff rates. They consider them to be too low and unfair to people who have invested in solar systems.</p> <p>In contrast, Tango Energy and Energy Australia still consider the minimum feed-in tariff to be too high and inefficient.</p> <p>Three solar customers supported our draft decision.</p> <p>Some stakeholders submitted that the human health cost should not be zero.</p>	<p>The final minimum feed-in tariffs are lower than our draft decision. They reflect the most recent wholesale electricity price forecasts.</p> <p>Our decision promotes the long term interests of Victorians, including solar customers. Solar customers receive the true value of their solar exports without non-solar customers subsidising them through higher retail rates.</p> <p>The Electricity Industry Act 2000 specifically requires us to have regard to the avoided social cost of carbon ‘determined in accordance with the methodology or factor specified in the Order for the relevant avoided costs’.¹</p> <p>If the Victorian Government amends the Order in Council to include a methodology for determining human health costs, we will have regard to that amendment in future decisions.</p>
<p>We proposed that time-varying feed-in tariffs should remain optional.</p>	<p>A couple of solar customers and Tango Energy supported the commission’s proposal.</p>	<p>We adopted our draft decision as final. We remain of the view that mandating a varying feed-in tariff is unlikely to lead to economic benefits at this stage.</p> <p>Higher retail rates provide a much stronger price signal than the minimum feed-in tariffs. Solar customers are better off minimising their purchase of electricity from the grid by</p>

¹ Electricity Industry Act 2000, s.40FBB(3)(c), 3A.

		using their own solar generation to avoid paying the higher retail rates.
We proposed to require retailers to notify their solar customers of annual feed-in tariff changes five days before the change takes effect.	<p>Eight solar customers and Tango Energy supported our draft decision while EnergyAustralia and Simply Energy provided some alternative views.</p> <p>One solar customer considered that five days may not be sufficient re-evaluate their position and look for better providers.</p>	<p>We consider that our analysis of retailers' terms and conditions, Energy and Water Ombudsman Victoria's billing complaints findings, the commission's complaints data and stakeholder submissions show that many customers are receiving notification of feed-in tariff changes after the fact. This is not in the long term interests of Victorian consumers.</p> <p>We consider five business days prior notification is reasonable because it is consistent with the notification period for changes to other prices and benefits. We also took into consideration the wide engagement we undertook on price and benefit change notification periods when we implemented a suite of reforms in 2018 relating to building trust through new customer entitlements in the retail energy market.</p>
We proposed that changes to the Energy Retail Code will come into effect on 1 June 2021.	We did not receive any submissions on this matter.	We adopted our draft decision as final.

Our engagement events

Online public forums

Recordings of our online public forums are available for you to view online at the commission's [YouTube channel](#).



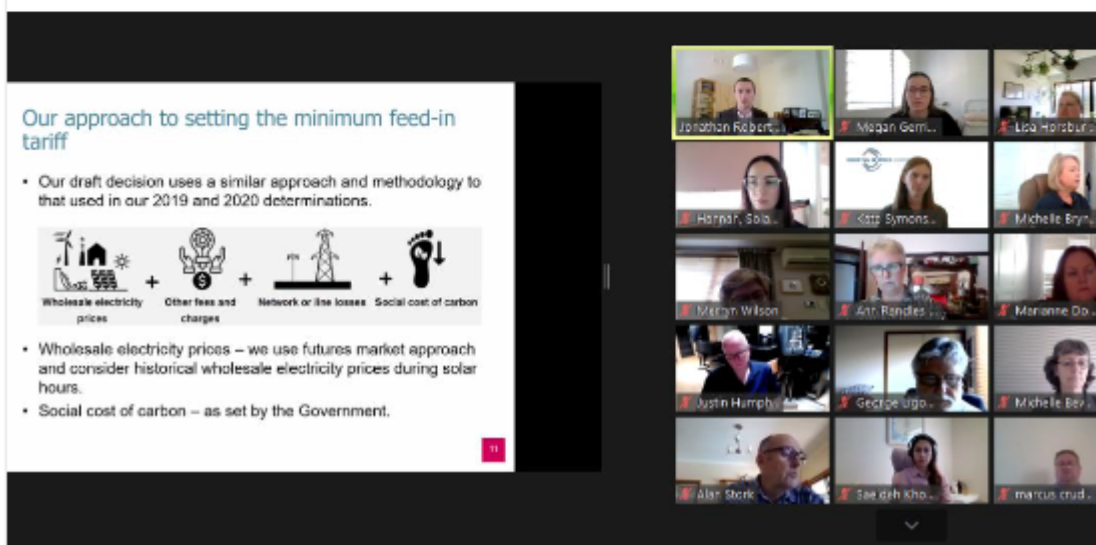
Essential Services Commission
51-200 employees
2mo

Thanks to those who joined us for the public forums on the minimum feed-in tariff draft decision for 2021-22. It was valuable to hear from Marianne Doyle from **Solar Victoria**, Hannah Mitchell from **Solar Citizens**, and Victorian solar customers in our Q&A sessions. The feed-in tariff is the minimum rate electricity retailers pay for electricity their customers feed into the grid, from sources like solar panels.

The forum covered:

- the factors that go into setting the minimum rate and the impact of falling forecast wholesale prices
- how feed-in tariffs have changed over the years, from encouraging take up of solar power (a role largely taken over by more direct support in the form of government solar rebate schemes) to reflecting more closely the value of solar energy
- the real and lasting value of solar power in reducing household energy bills, by using energy you generate rather than pay retail prices for importing energy from the grid
- a proposed requirement for retailers to notify solar customers about changes to their feed-in tariff rate ahead of time
- questions and answers in session or submitted via Engage Victoria.

We're seeking your feedback on the draft decision and the review process – go to Engage Vic to have your say by 5pm, 8 January 2021 <https://bit.ly/37OaGuG>



Our approach to setting the minimum feed-in tariff

- Our draft decision uses a similar approach and methodology to that used in our 2019 and 2020 determinations.

Wholesale electricity prices + Other fees and charges + Network or line losses + Social cost of carbon

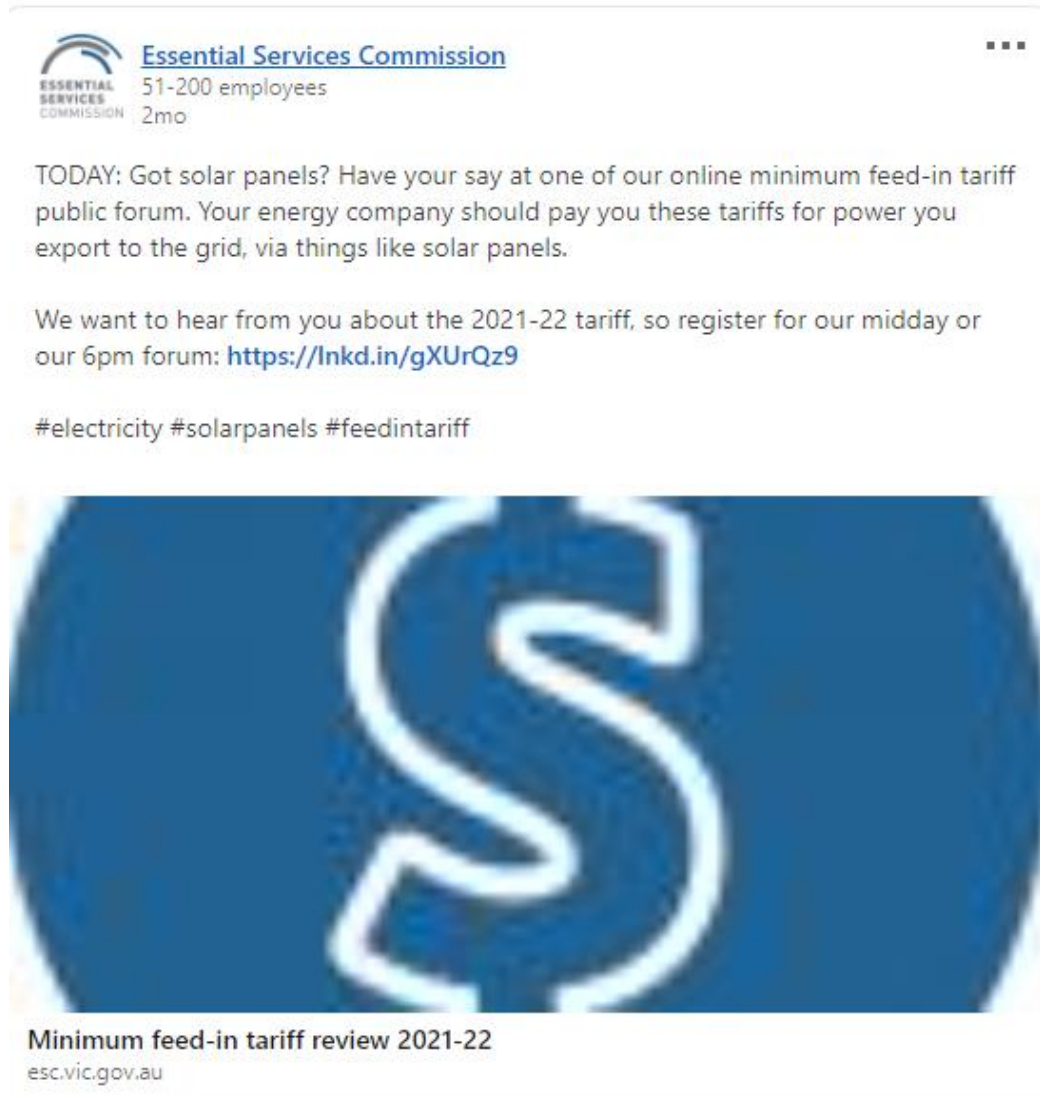
- Wholesale electricity prices – we use futures market approach and consider historical wholesale electricity prices during solar hours.
- Social cost of carbon – as set by the Government.

The screenshot also shows a grid of 15 Zoom participants in a meeting.

Online engagement

LinkedIn and Twitter

We used LinkedIn and Twitter to share information with you on how to have your say on the minimum feed-in tariffs for 2021–21.



The image is a screenshot of a LinkedIn post from the Essential Services Commission. The post header shows the company logo, name, employee count (51-200), and time (2mo). The main text of the post discusses a public forum for solar panel feed-in tariffs and provides a registration link. It also includes three hashtags: #electricity, #solarpanels, and #feedintariff. Below the text is a large blue circular graphic with a white dollar sign. At the bottom of the post, the title 'Minimum feed-in tariff review 2021-22' and the website 'esc.vic.gov.au' are displayed.

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TODAY: Got solar panels? Have your say at one of our online minimum feed-in tariff public forum. Your energy company should pay you these tariffs for power you export to the grid, via things like solar panels.

We want to hear from you about the 2021-22 tariff, so register for our midday or our 6pm forum: <https://lnkd.in/gXUrQz9>

#electricity #solarpanels #feedintariff



Minimum feed-in tariff review 2021-22
esc.vic.gov.au



ESC Victoria @EssentialVic · Nov 27, 2020



Have your say on the minimum feed-in tariff for 2021-22. On 3 December 2020, we're hosting online public forums about the tariff, so register today: eventbrite.com.au/e/minimum-feed...

#electricity #solar #feedintariff



Minimum feed-in tariff review 2021-22 public forum

You're invited to attend a public forum for our 2021-22 minimum feed-in tariff draft decision on 3 December 2020.

eventbrite.com.au

Engage Victoria

We used Engage Victoria throughout the course of this project.

| Essential Services Commission

Minimum feed-in tariff review 2021–22

The Essential Services Commission wants to hear from you about the minimum rates electricity retailers should pay for electricity fed into the grid for 2021–22.



Overview

The Essential Services Commission is reviewing the minimum rates that will apply for the 2021–22 financial year. The commission released its draft decision on 17 November 2020. Feedback on the draft decision was invited until 5.00 pm on 8 January 2021. **Submissions to this review have now closed.**

How does the minimum feed-in tariff affect me?



Video transcript

Every year, we set the minimum feed-in tariffs that energy retailers pay for electricity their customers export to the grid from renewable sources like solar, wind and hydro generators. Retailers can offer their customers feed-in tariffs higher than the minimum rate we set.

If you have solar panels (or another form of small-scale renewable energy generation) this minimum feed-in tariff review may affect the amount you receive for exporting energy to the grid.

What are we deciding?

Updates

[Materials from our public forum now available.](#)

Links to our recording of the public forum held on 3 December 2020 are now available.

15 December 2020

[You're invited to attend a public forum for our 2021-22 minimum feed-in tariff draft decision on 3 December 2020.](#)

The Essential Services Commission is hosting two online public forums on 3 December 2020.

24 November 2020

[Falling wholesale electricity prices hit feed-in tariff, but solar value remains](#)

The Essential Services Commission has released its draft decision on the minimum feed-in tariff rates energy companies will pay from 1 July 2021.

17 November 2020

Timeline

- ✓ **Draft decision released**
17 November 2020
- ✓ **Consultation on draft decision opens**
17 November 2020
- ✓ **Online public forum**
3 December 2020, 12.00 pm and 6.00 pm
- ✓ **Consultation on draft decision closes**

Our virtual public forum

Closed *Activity closed 08/01/2021 at 11:59 PM*

Ask us questions about our draft decision. To remain anonymous put 'anonymous' as your screen name. We will try to reply within three business days. We may take a bit longer to get back to you over the holiday period. Thank you for your patience.

 **Who's Listening?**

Search the questions



Filter by:

Status

Sort by



2019 prices increased FIT fell. 2020 FIT reduced prices?

18 views

Roland asked 20 days ago | Question asked to The pricing team

On 19th December 2019 I received an email from my power provider stating they would be increasing prices by about 3.7% 'due to changes in wholesale and network costs for electricity'. At the time I accepted this and the fall in FIT as a reasonable but disappointing situation but in light of a further fall in FIT this year I find myself feeling cheated. Do you consider a rolling average for setting the FIT? It seems small producers have done their share to help reduce costs for other consumers.



The pricing team

Replied 14 days ago | Edited 14 days ago

Answer

Hi again Roland,

As mentioned above, we currently use a 12-month weighted average approach to calculating wholesale electricity costs. This reflects retailers' practices in hedging their electricity costs and has the effect of reducing the movement in wholesale electricity prices and therefore the feed-in tariff. This goes some way to reducing the volatility of the feed-in tariff.



The true price of solar relative to a fair FIT which promotes renewable uptake

14 views

Roland asked 20 days ago | Question asked to The pricing team



How do we know retail prices won't increase despite a falling FIT?

17 views

whoisradkins asked 20 days ago | Question asked to The pricing team