

## **Victorian Default Offer 2021 – Draft decision.....**

### **Submission by Brian and Jill Golland - 15 October 2020**

Having read the document and participated in the latest Zoom meeting last week it is our decision to provide the following comments on a generic basis toward giving a “Punter’s view” of this draft.

Whilst these are our comments and conclusions on figuratively, a very detailed document, it is our view that some simple conclusions can be drawn across this, and other similar documents, which have given the current pricing and numbers fair sway toward commercial and retail pricing structures.

As the argument toward fairer pricing is good and hopefully maintains an equilibrium in the marketplace, placing the burden on all consumers to “shop around” and look for a “better deal” is counter intuitive to the majority of those who really do not understand or even review their billing for changes. Most consumers would be happier if they were compensated for being a “loyal customer” rather than having to chase deals, even if they are offered in the days or even weeks prior to change!

The prospect of a change “every six months” as has been proposed, does not fit well with anyone and certainly gives a lot of weight to the customer being wary of energy companies!

Read the following with those comments in mind please!

### **What does this current draft document mean to the punter!**

Summary of the information below:

- a. There is a continual erosion of plausible reason for solar to be installed by households, as pricing agreed by ESC, has allowed both retail and wholesale providers to effectively control both the market and the arguments around pricing.
- b. Prices for consumable energy have not risen exponentially as they would have ESC believe, but with market forces, have been pretty static. However, supply charges have been steadily increasing, outstripping CPI and effectively not considered by the ESC.
- c. Smart meters are computers in their own right, which the wholesale companies control and manage the internal software. There is no regulation, audit or control of this software by ESC or an independent body! Yet, they continually disallow customers the right to choose their time of day charges despite the ESC mandating such time of use pricing. Upgrading of meters software is never authorised nor is it advertised or agreed to by consumers!
- d. Changing pricing from “Ex GST” to “Incl of GST” did not assist the “Common Person” to realistically compare pricing despite the govt and ESC agreeing to this change! Call it “disguised pricing.”
- e. Additionally, in changing to this “Incl of GST” it does appear that DHHS was not consulted, as the effect on Pensioner Concession has changed, although no one wishes to agree!!
- f. Contrary to marketing and government spin, only around 25% of solar electricity generated by the consumer in an average household is capable or realistically used in the home, with 75% being absorbed into the grid at what consumers would consider to be minimal cost to the energy companies. This effectively means that pricing at 10.8 cents is realistically 2.7

cents per FIT given the total produced by the householder but limited by the characteristics of the system and energy companies.

- g. The current document reflects the market producers and retailers wants and desires, whilst agreeing that wholesale and retail data cannot be utilised effectively, due to lack of audit (which is internal audit anyway!) and yet it is billed seemingly before audit!
- h. Worse yet, is that current issues of Covid and changes in usage by retail and commercial users appears to have full support toward influencing ESC in their decision making!

The above notes and reflections below are fairly simple observations by individual punter(s) based on a number of years' experience with two companies in [REDACTED] and [REDACTED].

Realistically, we have had the time to pursue both companies, on various issues which they were unwilling in the first instance to undertake, and needed to resort to the use of the Ombudsman with the ability to ensure these companies provided us as the customer with entitlements within the law.

In every case, we have been successful in obtaining our rights by argument and satisfaction, with credits to our account due to the poor attitude and inept ability to provide professional competence to the customer. We were paid off!!

We do trust that this document can be viewed with real consideration in the current decision making although we do appreciate that changing the draft as it is would probably not be realistic at this late stage.

With kind regards,

[REDACTED]

[REDACTED]

From the Essential Services Commission the following data has been extracted:

The table below shows how the time-varying feed-in tariff rate changes by time of the day and day of the week

Period	Weekday	Weekend	Rate: cents per kilowatt hour (c/kWh)
Off peak	10pm to 7am	10pm to 7am	9.1 c/kWh
Shoulder	7am to 3pm, 9pm to 10pm	7am to 10pm	9.8 c/kWh
Peak	3pm to 9pm	n/a	12.5 c/kWh

#### Why the minimum feed-in tariff has gone down

We expect to see the minimum feed-in tariff rates to fluctuate each year depending on market expectations on the wholesale electricity prices.

The minimum feed-in tariff rate has gone down in 2020-21 due to the reduction in the forecast wholesale electricity component of the feed-in tariff during the 'solar hours'.

Annual changes in the minimum feed-in tariff are affected primarily by the changes in the forecast wholesale electricity price - the biggest component of the minimum feed-in tariff rate.

More detail can be found in our decision papers and consultant's report.

### Let's explore this in more detail:

- a. One should assume, from the above, that for Victorian homes with solar panels that the sun still shines brightly at or up to 10pm, each night even in winter!
- b. Even if your panels were facing directly west there would unlikely be any reasonable FIT available for 9pm as peak rate!
- c. And as for off peak, there is negligible FIT available between 10pm and 7am!
- d. One would assume that on existing data available (assuming you actually look at this), that most systems, due to their angle and direction of tilt, will not produce much before 7am nor much after 7pm.
- e. Thus, we have a 12-hour window for solar collection.
- f. The following data from reliable sources indicates the following:
  - i. Winter Solar is approx. 7.45am thru 5.05pm
  - j. Summer Solar is approx. 6am thru 8.40pm, and
  - k. Average Solar for the year is approx. 7am thru 7pm.
- g. If we do a few sums, the average, using normal available hours to a customer, under the shoulder and peak tariffs, we get approx. 13 hours at an average of 10.8 cents. Off peak can be discounted as negligible or nil!
- h. Why are we contemplating such charges between 9.1cents and 12.5cents when it is not achievable? Who thought this was a good idea...the energy companies!

### What can a normal customer expect from a Solar System under average conditions?

- a. On average, a 5Kwh system will produce 18Kwh per day average over a full year, assuming no faults and average conditions.
- b. Additionally, on average, a system will and probably can only send approx. 25% of generation to the home as an offset.
- c. About 75% of generation by a home solar system will therefore be sent to the grid.
- d. Thus, we have only 1640Kwh to the home and 4930Kwh to the grid per annum.
- e. At 10.8 cents from the above it would seem that generation sent to the grid and therefore revenue to the customer is \$532.
- f. The balance of 1640Kwh used internally in the home at peak rates is worth to the customer around 24 cents per Kwh for a total of \$394.
- g. But the retailer has the ability to achieve an income of 4930Kwh at 24 cents to a total of \$1183, without recourse to almost nil network costs within the local network.

### The imminent future of pricing and use of Solar Energy by customers with access to a 5Kwh system.

- a. The energy companies, which include both wholesale and retail, are about to change the rules regarding FIT. (This has been seen in documents produced by █████ and other generators.)
- b. FIT will be reduced to a maximum of 8Kwh per day FIT over any billing period.
- c. Thus, based on the above figures, at best, 5.5Kwh of home generation will be at no cost to the retailer on average over a full year, amounting to a production figure of \$1.32 per day average or \$482 per annum! (Possibly taken by stealth!)

- d. Currently around \$1.30 is the daily service charge or network cost to the customer, who will be not even able to minimise that particular cost under c. above. (Interestingly a Supply Charge (currently) of \$1.295 which includes GST but discounted by the supplier becomes \$1.03.6 ex GST and with Discount!)
- e. Supply charges have risen since 2009 from about 53 cents per day to currently \$1.29 (ex GST) .... The poles, transformer and wires are the same as 20 years ago except a couple of new insulators at the house!

End of document!