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Essential Services Commission  
Level 8, 570 Bourke St  
Melbourne VIC 3000

Submitted via: [www.engage.vic.gov.au](http://www.engage.vic.gov.au)

Dear Commissioners,

**RE: Minimum Electricity Feed-in Tariff to Apply From 1 July 2023 – Draft Decision**

GloBird Energy (**GloBird**) welcomes the opportunity to provide feedback on the Essential Services Commission's minimum electricity Feed-in tariff to apply from 1 July 2023 – Draft decision (**draft decision**).

GloBird Energy commenced operation in 2015 and has since become one of the fastest growing electricity and gas retailers in Australia, with a customer base over 145,000 residential and small business customers across Victoria, New South Wales, Queensland and South Australia. Our excellent value energy offerings, innovative products and a high-quality customer service are key drivers of our success in this highly competitive energy market.

**Minimum feed-in tariff (FIT) to apply from 1 July 2023**

GloBird agrees with the Essential Services Commission's (**ESC**) assessment that often wholesale prices are negative when solar export is highest. We also agree with the ESC approach of forecasting lower wholesale electricity prices during daylight hours in 2023-24.

GloBird is however concerned that the avoided social cost of carbon, a component of the minimum feed-in tariff, has become a significant proportion of the cost stack - 58% of the proposed flat rate and 65% of the day rate – resulting in the minimum feed-in tariff no longer reflecting the efficient value of solar exports. GloBird urges the ESC to engage with the Department of Environment, Land, Water and Planning to revisit the methodology for the avoided social cost of carbon.

**Feedback on the time blocks for the time-varying feed-in tariffs**

The ESC is seeking feedback on the time blocks for the feed-in tariffs and provided the following structure (**new structure**) as an example:

- Peak block: 4pm to 9pm everyday
- Off-peak block: 10am to 2pm everyday
- Shoulder: all other times

The situation of having negative wholesale prices during daytime when solar export is highest has created challenges to the grid stability and has increased the overall energy cost to customers, due to the distorted supply/demand balance during peak solar export period.

When wholesale prices are negative during solar export, the retailer pay both the seller and the buyer, which in our views is not consistent with the policy intent of making retailer whole or allowing them to recover their efficient cost. It is important to note that retailers cannot manage this risk due to lack of solar shaped wholesale contract to allow such risk to be hedged.

The current time blocks of the time-varying minimum FIT do not reflect the actual solar generation, price and demand shape in the electricity wholesale market. In particular, the "day" time block is too wide – covering nine hours in weekdays and fifteen hours in weekends - and as such does not properly address the issues highlighted above.

A time block structure that closely reflects the actual solar export, price and demand shape in the wholesale market will on one hand encourage different technologies, such as batteries, to generate at other times of the day, when energy is needed the most and on the other hand will facilitate addressing the issues mentioned above.

GloBird support the new structure:

- The peak time block (4pm – 9 pm everyday) covers 5 hours and captures times when wholesale prices are high. We expect the resulting solar weighted costs to be higher than that of the "early evening" time block of the current time-varying minimum FIT.
- The off-peak time block (10am – 2pm everyday) also covers only 4 hours and capture the time when solar generation is highest and wholesale prices are lowest. We expect the resulting solar weighted wholesale costs to be lower than that of the "day" time block of the current time-varying minimum FIT.

In comparison to the time block rates of the existing time-varying minimum FIT, the combination of higher minimum FIT rate during the peak block time and lower rate during the off-peak block time will encourage customers to invest in other technologies to generate at other times of the day, when energy is needed the most. This in turn will support more renewable, will address some of the challenges with the grid stability and will reduce the impact on retailers from having to pay sellers and buyers at times when export is highest and wholesale prices are negative.

The new structure is very simple and practical to be understood by consumers. It comprises three time periods that apply everyday of the week, making it easy for customers to remember. In fact, the new structure is much simpler and more practical than the current time block of the current time-varying minimum FIT that comprises six time periods, four of which apply on weekdays and two on weekends.

If the ESC decides to implement the new structure or a variation of the new structure, we would propose that this structure to be an addition to the existing time-varying minimum FIT to minimise any impact some retailers may face to implement it on time.

GloBird Energy will be pleased to meet with the ESC to further discuss this submission. Please contact Nabil Chemali via email: [REDACTED]

Yours sincerely

[REDACTED]

John McCluskey  
Executive Manager  
GloBird Energy