

# 2018–19 feed-in tariffs



## Information for solar system owners

The Essential Services Commission sets the minimum feed-in tariff paid to owners of small solar systems for the power they sell to the grid. New tariff rates will apply from 1 July 2018.



Feed-in tariff rates are the minimum price your energy company must pay you for power you export to the grid.

This year we are setting both a single-rate and a time-varying tariff.

The rates for the time-varying tariff depend on when power is exported.

The time-varying tariff is between 7.1 cents – 29 cents per kilowatt hour. The single rate tariff is 9.9 cents per kilowatt hour.

### Why are we introducing time-varying tariffs?

We recently completed an inquiry into the value of distributed generation. This included the value of electricity generated from alternative sources, like solar power. The inquiry recommended that solar system owners are paid a price that better reflects the wholesale cost of electricity at the time they sell it into the grid. As a result of the findings retailers will be able to offer customers either single-rate or a time-varying feed-in tariff from July 1 2018.

Solar system owners will also have the opportunity to shop around to choose a tariff-type that best suits their individual circumstances.

### How do we calculate the rate for the minimum feed-in tariff?

We calculate the minimum feed-in tariff by forecasting the wholesale price of electricity for the year ahead. The wholesale price varies across different times of the day due to changing supply and demand. As solar panels generally export power between certain hours of the day we only use the forecast wholesale price for electricity during these 'solar hours'.

We also consider the costs that are avoided when your retailer buys your solar power instead of power from a large scale generator. This includes the cost of power that is normally lost when it travels long distances through the transmission network from a large central generator and the cost





of the fees and charges your retailer would normally pay to the Australian Energy Market Operator when they buy wholesale energy.

The minimum feed in tariff also includes a price that is paid to account for the avoided social cost of carbon attributable to a reduction in air pollution due to the energy exported by your solar panels. This rate is currently set at 2.5 cents per kilowatt hour (c/kWh).

## What are the 2018 feed-in tariffs?

The single rate tariff is 9.9 cents per kilowatt hour (regardless of the time of day or day of the week).

Tariff	Minimum rate to apply (all times) (c/kWh)
Single-rate minimum feed-in tariff:	9.9

The time-varying tariff is outlined in the table below.

Period	Weekday	Weekend	Rate: cents per kilowatt hour (c/kWh)
Off peak	10pm – 7am	10pm – 7am	7.1 c/kWh
Shoulder	7am – 3pm, 9pm – 10pm	7am – 10pm	10.3 c/kWh
Peak	3pm – 9pm	n/a	29.0 c/kWh

## Supporting resources

You can read more about how we calculated our proposed feed-in tariffs by reading our final decision. For more information and supporting resources, visit: <https://www.esc.vic.gov.au/feed-in-tariff>.

## Key dates

1 July 2018: new minimum feed-in tariff commences

## Contact us

Got a question? Follow us on LinkedIn and Twitter, or view our contact details: [www.esc.vic.gov.au/about-us](http://www.esc.vic.gov.au/about-us).

