

Solar value remains despite drop in feed-in-tariff rates

Further reductions in the costs of daytime wholesale electricity prices are behind a fall in the minimum solar feed-in-tariffs for Victorian energy consumers.

The Essential Services Commission has released its [final decision](#) on the minimum feed-in tariff rates that energy companies must pay from 1 July 2022. The minimum single rate feed-in tariff for 2022–23 will be 5.2 cents per kilowatt hour, down from 6.7 cents. The minimum time-varying feed-in tariffs will also fall.

The commission’s pricing director Marcus Crudden said solar panel owners were small-scale electricity generators, rather than retailers, and were impacted by the fact that daytime power prices in Victoria were at the lowest level for many years.

“Unused power generated from rooftop solar goes into the wholesale energy market,” he said.

“Retailers’ tariffs cover the costs of buying energy, transporting it, coordinating market participants and consumers of energy, and other business costs. This is why retailers are paid more than the solar feed-in-tariff rate.

“The plus for home solar is that the feed-in tariff rates remain higher than the spot price paid to electricity generation companies during the day due to an allowance for the social cost of carbon.”

Mr Crudden said the enduring value of rooftop solar came from using the power you generate.

He said a recent report into the Victorian Solar Homes Program found that houses with solar panels saved on average \$485 by avoiding buying electricity from the grid.

“The key is to tailor your consumption to be using your solar power at peak times, rather than the mains power,” Mr Crudden said.

“This way you use power straight from your solar panels to run power-hungry appliances during the middle of the day. Any leftover energy is then exported to the grid, and you get paid via the feed-in tariff.”

The drop in the minimum tariff continues the trend of the past two years. Falling daytime wholesale electricity prices, which make up about 60 per cent of the feed-in tariff, continues to reduce prices.

Mr Crudden said while the commission sets the minimum rate, some retailers offer a higher rate.

“We encourage customers to shop around when deciding on a retailer offering feed-in tariff rates and to consider their energy consumption and generation,” he said.

For further information call: David Jarwood, Senior Media Adviser, 0492 805 003

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Proposed minimum feed-in tariff rates from 1 July 2022

Rate	Time applicable	Cents per kWh
Single	All times	5.2 cents
Day	Weekdays: 7 am – 3 pm, 9–10 pm Weekends: 7 am – 10pm	5.0
Early evening	Weekdays: 3 pm – 9 pm Weekends: n/a	6.9 cents
Overnight	10pm – 7am all days	7.1 cents

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