

Changes to feed-in tariff arrangements for existing and new solar customers

The Tasmanian Government is putting in place new feed-in tariff (FiT) arrangements. These changes will affect small customers with solar PV and other small-scale micro renewable generation systems up to 10 kW who currently export excess electricity to the grid, as well as new customers who may be planning to invest in such systems.

The changes only apply to customers using less than 150MWh of electricity per year who sell excess electricity under the current Net Metering Buyback Scheme, which has a system capacity limit of 10kW.

If you have negotiated a power purchase agreement with Aurora for electricity produced from a system larger than 10kW your contract will be transferred, on its existing terms and conditions, to one of the new purchasing retailers entering the Tasmanian market. This will be done as part of the process to sell Aurora's retail customer base and introduce full retail competition for Tasmanian households and small businesses from 1 January 2014.

Customers with solar hot water systems are not affected by these changes.

What changes will be made?

Under the new arrangements:

- All existing customers will continue to receive their current feed-in tariff rate until **1 January 2019**, subject to ongoing eligibility. This provides these customers with price certainty for an additional five years.

- **The current buyback scheme will be closed to new customers at midnight (AEST) on 30 August 2013.**
- Customers who have not yet installed or connected a system will have until midnight on 30 August 2013 to ensure that Aurora Energy has received their signed and completed application form, and that it has been completed to Aurora's satisfaction. To be eligible to be included under the legacy feed-in tariff rules, customers who have not yet submitted their application must include a copy of a signed contract with, and evidence of a deposit paid to, the installer. They will then have until 30 August 2014 to install and connect their system to maintain eligibility for the legacy feed-in tariff.
- A transitional feed-in tariff rate of 8 cents per kWh will be introduced for customers installing grid-connected solar or other qualifying distributed generation systems between 31 August 2013 and 31 December 2013 inclusive.
- The Tasmanian Economic Regulator will determine a new 'fair and reasonable' feed-in tariff to apply from 1 January 2014 when the transition to full retail competition begins. All new retailers will be required to offer this rate to all customers with solar PV and other qualifying micro renewable generation systems.

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- The Regulator has been asked to begin work on determining the feed-in tariff and to undertake appropriate consultation.

Why does the current system have to change?

Unlike other Australian states, currently there are no legislative, regulatory or contractual arrangements in place in Tasmania that require Aurora Energy to pay small customers with systems up to 10 kW a set rate for the energy they export. Aurora does this on a

voluntary basis through a net metering buyback scheme.

This means that when Aurora exits the market and the transition to full retail competition begins on 1 January 2014 customers will not have access to a guaranteed feed-in tariff unless the Government introduces a new, mandated FiT scheme.

Legislation to support a new mandated tariff will be introduced into Parliament later this year.

Part One: Transition arrangements for existing and pending micro renewable generation customers

I already have a five-year contract with Aurora Energy. How can this be changed?

Many customers believe they have a contract with Aurora that includes their current feed-in tariff rate. However, this contract is actually a connection contract with Aurora's network division and only covers the terms under which a system is able to be connected to the distribution network.

The connection contract does not cover the feed-in tariff rate, which is paid by Aurora's retail division.

Will I have to register with my new retailer to keep receiving my current feed-in tariff rate?

No, this won't be necessary. If the customer has already signed a connection agreement with Aurora's network division they will be registered automatically and the distribution business will advise incoming retailers of all the customers who are eligible for the legacy feed-in tariff.

How do I remain eligible?

Customers will continue to be eligible for the legacy feed-in tariff for their current system as long as they don't move house or transfer the electricity account for their current premises to another person (except where it is their spouse) during the period to 1 January 2019. Customers will also cease to be eligible for the legacy feed-in tariff where they upgrade the capacity of their current system after 30 August 2013.

Can eligibility for the legacy feed-in tariff be transferred if I move house or business premises?

No, eligibility is not transferrable. Eligibility for the legacy feed-in tariff relies on the customer maintaining an electricity account at their current premises in their name, or their spouse's name. In other words, if you move house you will no longer be eligible for the legacy feed-in tariff, even if you decide to take your system with you.

What if I move to a house with an existing solar system and the previous owner was receiving the legacy feed-in tariff. Will I be eligible too?

No, eligibility is not transferrable to customers 'moving in'. But if it is an eligible system the customer will be able to receive either the transitional 8 cents per KWh tariff or the new regulated 'fair and reasonable' rate to be determined by the Tasmanian Economic Regulator, depending on when the customer moves house (before or after 1 January 2014).

What happens if I stay at the same premises but take up a new market contract with another retailer?

Eligibility to receive the legacy feed-in tariff is not affected by your retail electricity contract or your retailer. If you are eligible for the legacy rate your new retailer will be notified by the network business. You will continue to be paid this rate until 1 January 2019, provided you continue to meet the eligibility criteria.

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What happens if I transfer the electricity account at my premises to another person?

If the account name changes, eligibility for the legacy feed-in tariff will cease **except** if it is transferred into the name of a spouse.

If my house or business premises are rented out will the tenant be eligible to receive the legacy feed-in tariff?

No, eligibility is not transferrable between customers. If you decide to rent your property and the electricity account for the premises is moved to the tenant's name, the tenant will not be eligible for the legacy feed-in tariff. If you currently rent your property and the tenant receives the benefit of the existing tariff rate then they will continue to receive this rate. However, their eligibility will not be able to be transferred either back to you as the property owner, or to any new tenant.

What happens if I am disconnected from the network for non-payment of my account, breach of contract, or if I close my account?

Customers will no longer be eligible for the legacy feed-in tariff if they fail to maintain the account with the electricity retailer. The only exception is where the account is transferred to their spouse, or the spouse's name is added to the account.

Can other family members inherit eligibility for the legacy feed-in tariff?

No, in the event of the death of the account holder eligibility can only be transferred to the spouse. It cannot be passed on to other family members if they take ownership of the

premises or transfer the electricity account into their name.

Will I continue to be eligible if I decide to increase or decrease the capacity of my system?

Customers will no longer be eligible if they upgrade the capacity of the system after 30 August 2013, even where the total capacity is less than 10 kW. System upgrades include the installation of additional panels where the system has an upgradeable inverter, as well as upgrades that would require a new or additional inverter.

Any system capacity upgrade after 30 August 2013 will be treated as a new connection and customers will be eligible for either the transitional (pre 1 January 2014 rate), or the 'fair and reasonable' feed-in tariff to be determined by the Tasmanian Economic Regulator which will take effect after 1 January 2014.

Under the terms of their connection agreement with the Aurora network division, customers are required to notify Aurora of any system changes, including upgrades. Failure to do so can result in disconnection of the system from the network. Customers can decrease the capacity of their system at any time without affecting their eligibility to receive the legacy feed-in tariff.

What happens if my system fails or needs to be repaired or replaced?

Systems can be repaired or replaced on a 'like-for-like' basis without affecting eligibility for the legacy feed-in tariff rate but the total system capacity must be equal to or less than the original capacity. Customers cannot install a larger inverter and additional panels if they wish to maintain eligibility for the legacy tariff.

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What happens if I have already submitted a new application for embedded generation, or a system upgrade with Aurora but it has not been finalised?

Your application will be processed under the rules that were in place prior to the Government's announcement on 18 August 2013. Aurora will contact you if further information is required.

What happens if I have signed a contract and paid a deposit but not yet installed a connected system?

These customers have until midnight (AEST) on 30 August 2013 to ensure that Aurora has received their signed and completed application form for embedded generation, and that this has been completed to Aurora's satisfaction. To be eligible to be included under the legacy feed-in tariff rules, customers must include a copy of their signed contract with, and evidence of a deposit paid to, the installer. Customers will then have until 30 August 2014 to install and connect their system to continue to be eligible for the legacy feed-in tariff.

How do I get an application form?

The application form for embedded generation can be found on Aurora Energy's website: www.auroraenergy.com.au. Customers should be aware that incomplete or incorrectly completed applications will not qualify for the legacy feed-in tariff. Forms must be completed, or corrected, to Aurora's satisfaction and returned to Aurora by midnight (AEST) on 30 August 2013.

What if my application reaches Aurora after the cut-off date?

Applications must reach Aurora by midnight (AEST) on 30 August 2013. It is not sufficient to have posted the application form by this date.

Any applications received by Aurora after 30 August 2013 will be eligible for the 8 cent per kWh transitional feed-in tariff. This will apply until 31 December 2013 when customers will be entitled to the regulated 'fair and reasonable' tariff rate to be determined by the Tasmanian Economic Regulator.

How do I know whether my application has been accepted at the legacy rate?

Aurora will use its best endeavours to review every application received before 29 August 2013, by the next business day, to check that it is filled in correctly. Aurora will telephone customers who submit an incomplete form. However, it is the customer's responsibility, and not Aurora's, to ensure that Aurora receives complete information prior to midnight (AEST) on 30 August 2013.

Aurora cannot guarantee that customers who submit a form on the last day – 30 August 2013 – will be contacted if their form is incomplete.

Customers will receive a letter confirming that their application has been accepted and which feed-in tariff rate applies.

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Part Two: Transition arrangements for customers connecting from 31 August 2013.

What happens if I apply to install a system from 31 August 2013?

Small customers using less than 150MWh of electricity per year who install a grid-connected solar or other micro renewable generation system from 31 August 2013 will be entitled to a transitional feed-in tariff rate of 8 cents per kilowatt hour. This will be paid by Aurora Energy until it exits the retail market on 31 December 2013.

What feed-in tariff rate will apply after 1 January 2014?

The Tasmanian Economic Regulator will be required to conduct an investigation to determine a new 'fair and reasonable' feed-in tariff to apply from 1 January 2014. This will involve appropriate consultation.

All electricity retailers who operate in Tasmania after 1 January 2014 will be required by law to offer this feed-in tariff as a minimum to all eligible households and small business customers.

Why can't the current rate also be maintained for new customers?

The current feed-in tariff offered by Aurora Energy is a 'premium' feed-in tariff. This means that the price paid to customers is significantly above the value of that energy to the retailer.

Most states that have previously offered generous feed-in tariffs have already moved to close these schemes after it was found that they provided an unnecessarily high incentive for solar installations. Over time, the cost of these schemes resulted in large cross-

subsidies by the general customer base through higher electricity prices.

The Government is committed to future feed-in tariff arrangements that strike the right balance between fair and equitable treatment of those customers who have invested in micro renewable generation systems under Aurora's current arrangements, while ensuring those customers who are unable to, or who can't afford to do so, don't have to pay a subsidy through high electricity bills to fund the scheme into the future.

How was the transitional 8 cent per kilowatt hour feed-in tariff determined?

The 8c per KWh rate is based on the current regulated wholesale energy price. It is also closely aligned to the average feed-in tariff currently offered to new customers in other jurisdictions. This is a transitional arrangement only and will be wound up when Aurora exits the retail market on 31 December 2013. The Economic Regulator will determine the new rate to apply from 1 January 2014.

What does 'fair and reasonable' mean?

A fair and reasonable feed-in tariff is based on an assessment of the value of the 'exported' energy in the market. This includes the cost avoided by retailers if they had to purchase the energy from the wholesale market, in addition to lower 'line losses' associated with not having to transmit energy over long distances.

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Who is eligible for the new transitional feed-in tariff and the 'fair and reasonable' feed-in tariff to apply from 1 January 2014?

To be eligible for these feed-in tariffs you must:

- be a residential or small business customer using less than 150MWh of electricity per year;
- live on mainland Tasmania (including Bruny Island); and
- have a solar or other micro renewable generation system with a maximum capacity of 10kW, which has been approved for connection by the distribution network business.

These criteria mirror those of the scheme operated by Aurora.

Can I get a better rate from my new retailer?

The new mandated feed-in tariff will act as a 'safety net' to ensure customers can always access a fair price for their exported energy. It will not prevent retailers from offering higher feed-in tariff rates to customers as part of their overall market strategy. Retailers in other jurisdictions already offer feed-in tariffs on a voluntary basis, often on top of the minimum rates set by government.

How will I be paid?

The total amount of electricity a customer sells to the grid will be calculated and credited against the customer's account, as with Aurora's current scheme.

How can I maximise the benefits of my system?

Currently, most solar PV meters are set up in a way which means customers can only off-set their consumption under the light and power or general supply tariff. This means most customers can't use their systems to off-set their consumption under other tariffs, including hot water and heating, even when they are producing enough energy to do so.

In the future, the Government wants to ensure that customers investing in solar and other forms of micro renewable generation are able to maximise the benefits.

The Government has instructed Aurora's network business to investigate and implement, as soon as practicable, a technical metering solution that provides small customers who connect a distributed generation system with the option of off-setting their on-site electricity consumption for hot water and heating – in addition to light and power – before any electricity is exported to the grid.

Will existing solar and other micro renewable generation customers be offered a new meter?

Existing customers will not need to do anything to continue to receive their current feed-in tariff, including changing or reconfiguring their meter. Those customers who currently are eligible to receive the legacy feed-in tariff at the highest tariff rate (light and power/general supply) already benefit from being able to export at this tariff. They would not benefit from off-setting their overall consumption before exporting to the grid. Meters will not be reconfigured or changed for existing customers unless requested. A service fee will apply for meter reconfigurations.



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What if I want to install a system larger than 10kW?

Customers with installations larger than 10kW will need to negotiate their feed-in tariff or power purchase arrangements with their retailer. This is consistent with current arrangements, where Aurora Energy negotiates purchase agreements with larger distributed generation customers.

These customers are better placed to negotiate directly with a retailer and do not need to be protected by a regulated 'safety net' feed-in tariff.

For more information visit our website at: www.electricity.tas.gov.au or

**Call the Customer Hotline:
1800 060 399**

Current 18 August 2013