

Electricity reform and the future of feed-in tariff arrangements in summary

About the changes

In mid-May this year the Tasmanian Government released an Issues Paper on the future of feed-in tariff arrangements for discussion and community input.

The policy that has now been adopted by the Government takes account of the feedback received from more than 130 Tasmanians who made public submissions. These included individual householders as well as the solar industry and climate change advocates.

The changes to feed-in tariff arrangements will affect all those customers who currently export electricity to the grid from solar and other small-scale distributed generation systems of up to 10 kW. The new arrangements will also apply to those small customers using less than 150MWh of electricity per year who may be planning to install micro renewable generation systems in the future.

Customers with solar hot water systems are not affected.

The changes are designed to provide existing customers with transitional protection, while ensuring that those customers who are unable to install, or who cannot afford to install micro generation systems, are not penalised through higher electricity prices to fund the scheme.

Key points of the Government's policy

The Government will:

- ensure that all existing customers continue to receive the feed-in tariff at the current rate until 1 January 2019, subject to certain eligibility requirements;
- direct Aurora Energy to close the current scheme to new customers as at mid-night (AEST) on 30 August 2013;
- introduce a transitional feed-in tariff rate of 8 cents per kWh for customers installing grid-connected solar or other distributed generation systems from 31 August 2013 to 31 December 2013 inclusive; and
- require the Tasmanian Economic Regulator to determine a new 'fair and reasonable' feed-in tariff which all retailers operating in Tasmania will be required to offer when the transition to full retail competition begins from 1 January 2014.

Tasmanian Energy Reform

How the changes will affect existing customers

The decision to extend the legacy period for existing solar and other micro renewable generation customers to receive the current feed-in tariff to 1 January 2019 has been made to ensure fairness for customers who have already made an investment in this technology.

Existing customers will continue to be eligible for this legacy tariff 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). Eligibility will cease if customers upgrade the capacity of their system, even if it is still below 10kW, after 30 August 2013. Incoming retailers will be automatically advised of all the customers who are eligible for the legacy feed-in tariff.

The impact on pending and prospective applicants

Customers who have already submitted a valid application for embedded generation with Aurora's network business will be processed under the rules that were in place prior to the Government's announcement on 18 August 2013. Customers who have not yet submitted their connection applications will have until midnight (AEST) on 30 August 2013 to ensure that Aurora has received their signed and completed application form, 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 their installer, and provide evidence of a deposit paid to the installer.

The system must then be installed and connected before 30 August 2014 for the customer to maintain eligibility for the legacy tariff. The legacy period for all customers closes on 1 January 2019, irrespective of the system connection date of their system.

How the changes apply to new customers

New small customers installing micro renewable generation systems from 31 August 2013 will receive the 'transitional' feed-in tariff rate of 8 cents per kWh until 31 December 2013. From 1 January 2014 they will be transferred to the new tariff rate to be set by the Regulator.

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 new 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.

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.

Next steps

Legislation will be introduced into Parliament later this year to support the implementation of the Government's policy.

YOUR POWER. YOUR CHOICE.

Tasmanian Energy Reform

The Government will ask the Regulator to begin work immediately on determining the new 'fair and reasonable' tariff and to undertake appropriate consultation.

The Government's feed-in tariff policy is detailed in the Final Position Paper which is available on the electricity reform website at: www.electricity.tas.gov.au.

Significant dates to note

- 18 August 2013: Government announces changes to feed-in tariff arrangements.
- 30 August 2013: Applications for the current feed-in tariff close at midnight (AEST).
- 31 August 2013: The 8 cent per kWh interim scheme commences.
- 1 January 2014: All retailers operating in Tasmania required to offer new 'fair and reasonable' feed-in tariff as determined by the Tasmanian Economic Regulator.
- 30 August 2014: Deadline for the connection of previously approved systems to maintain eligibility for the legacy tariff.
- 1 January 2019: legacy tariff expires for those who maintain their eligibility.

Current as at 18 August 2013