

# **Clean Energy Council submission to the Tasmanian Govt Position Paper: Tasmanian Energy Market Reform: Market and Regulatory Framework**

## **Executive Summary**

The Clean Energy Council (CEC) welcomes the Tasmanian Government's proposal to reform the Tasmanian electricity supply industry to introduce choice in electricity retailing for all customers.

While the CEC broadly supports the move to full retail contestability, there are aspects of the proposed reforms that are matters of concern for the CEC. They relate primarily to the absence of a transparent framework for solar feed in tariffs for Tasmanian solar households and businesses. Consistent with the Tasmanian Government's stated aim of ensuring "the creation and maintenance of value from the renewable energy assets that the Tasmanian community owns", we urge the Government to:

- Outline how existing owners of solar PV systems will be treated under the new, privately owned electricity retailers before Aurora Energy's residential and business customer base is offered for sale;
- Outline a framework for the regulation of feed-in tariffs following the sale of Aurora Energy's customer base;
- Ensure that feed-in tariff arrangements agreed by Aurora Energy are grandfathered as part of the sale process; and
- Support the continuation of the current Tasmanian feed in tariff. This tariff has been in place for many years. We see no reason why future solar householders should not receive the same tariff for the surplus electricity they produce.

## **1. The Government must outline how solar customers will be treated**

The Position Paper states that "the Government's primary concern through the implementation process is to ensure that customers' rights are adequately protected and that the transition to a market that provides all customers with choice is undertaken in a way that provides comfort and security to electricity customers and minimises confusion or uncertainty in the community".

There is considerable uncertainty in the community regarding the future treatment of customers with a solar PV system following the planned sale of Aurora Energy. To address this confusion and uncertainty, the Government must specify how it expects privately-owned electricity retailers to treat customers who own a solar PV system. This should form part of the terms of sale of the Aurora Energy customer base. The terms must be spelt out prior to proceeding with the sale process.

## **2. The Government must regulate feed-in tariffs**

It is likely that there will be a relatively low level of competition in electricity retailing in Tasmania for years to come. It is unclear whether all Tasmanians will have the choice between two privately owned retailers or if there will be a retail monopoly in some parts of the state. Even if all Tasmanians have the choice of two electricity retailers that would be insufficient competition to leave the setting of feed-in tariffs to the market. The Government should regulate minimum feed-in tariff offers for Tasmanian.

We note that these recommendations were supported by the Tasmanian Renewable Energy Industry Development Board in the draft Tasmanian Renewable Energy Strategy which was presented to Government in August 2011.

### **3. Aurora Energy's feed-in tariff arrangements must be grandfathered**

Tasmanian households that purchased a solar system did so with a reasonable expectation that the solar feed-in tariff would continue. Retrospective changes are unfair. The 1:1 tariff should continue to be paid to existing solar households.

### **4. The full retail feed in tariff should continue to be offered**

The Tasmanian Government is committed to ensuring that consumers benefit from its electricity market reforms and maximising "the value of Tasmania's low carbon advantage and the brand benefits of clean Tasmanian electricity". To this end, the CEC supports the continuation of the current Tasmanian 1:1, full retail feed in tariff. This tariff has been in place for many years and we see no reason why future solar householders should not receive the same tariff for the surplus electricity they produce. If this tariff is discontinued, consumers who purchase solar PV systems in future will be worse off thanks to privatisation. The Tasmanian Government should protect the interests of all consumers, and that includes the environmentally responsible consumers who have already installed solar and those who will do so in coming years.