

Electricity (Regional Feed-in Tariff) Amendment Regulation 2017

Explanatory notes for SL 2017 No. 178

made under the

Electricity Act 1994

General Outline

Short title

This regulation may be cited as the *Electricity (Regional Feed-in Tariff) Amendment Regulation 2017*.

Authorising law

Section 55DBA and Schedule 5 of the *Electricity Act 1994* (the Act).

Policy objectives and the reasons for them

This amendment aims to encourage solar uptake by large households and small businesses in regional Queensland by increasing the solar system size limit for eligibility for the Government mandated regional feed-in tariff (FiT) from 5 kilowatts (kW) to 30 kW of total rated inverter capacity.

Small electricity customers in regional Queensland with a solar photovoltaic (PV) system between 5 kW and 30 kW in size (where size is measured by the total rated inverter capacity of the solar PV system) are currently not eligible for the regional FiT. Similarly, these customers do not receive a voluntary payment from their retailer for energy exported to the grid as there is no retail competition in regional Queensland to drive voluntary FiT offers. This impacts their return on investment for the solar PV and can also influence a customer's decision to invest in solar in the first instance.

Expanding the eligibility for the regional FiT to small photovoltaic generators with a total rated inverter capacity up to 30 kW will enable more small customers in regional Queensland to receive fair payment for any excess energy exported from their solar PV system to the electricity grid, thus encouraging solar uptake in line with the Government's one million residential rooftops or 3000 megawatt by 2020 solar target.

Achievement of policy objectives

Section 55DBA of the Act requires prescribed retailers to pay relevant qualifying customers a FiT (the regional FiT) for electricity produced by a customer's small photovoltaic generator that is supplied to the network. In order to receive the regional FiT from their prescribed retailer, a relevant qualifying customer cannot be entitled to a FiT payment under section 44A (1) (b) of the Act (i.e. the Queensland Solar Bonus Scheme).

Schedule 5 of the Act defines a small photovoltaic generator as a photovoltaic system with a total rated inverter capacity up to 5 kW, or the amount prescribed under a regulation. In effect, this means that a prescribed retailer is only required to pay the regional FiT for excess electricity supplied to the grid by small electricity customers whose solar PV system has a total rated inverter capacity up to 5 kW.

The amendment regulation prescribes a total rated inverter capacity of up to 30 kW for the definition of a small photovoltaic generator as it applies to section 55DBA of the Act. Prescribing this amount in the *Electricity Regulation 2006* achieves the policy objective by increasing the solar system size limit for eligibility for the regional FiT, thus increasing the number of relevant qualifying customers able to receive payment for excess electricity supplied to the grid.

Consistency with policy objectives of authorising law

The amendment regulation will enable more small customers in regional Queensland to receive fair payment for any excess energy exported from their solar PV system. This is consistent with the first objective of the Act to set a framework for all electricity industry participants that promotes efficient, economical and environmentally sound electricity supply and use.

Inconsistency with policy objectives of other legislation

The regulation is not inconsistent with any policy objectives of any other legislation.

Benefits and costs of implementation

The benefit of implementation is that approximately 4000 existing solar systems (or ~3% of all systems) in regional Queensland that are not currently being paid a FiT will become eligible to receive the regional FiT. Similarly, new solar customers who meet the customer eligibility criteria in the Act and install a solar PV system with total rated inverter capacity up to 30 kW will be eligible to receive the regional FiT. For the 2017-18 year, the regional FiT (which is determined by the Queensland Competition Authority (QCA) under section 93 of the Act) is 10.102 cents per kilowatt hour.

The regional FiT is set by the QCA at an economically efficient, cost-neutral rate based on market energy costs, thus ensuring there is no additional expense to Ergon Energy Queensland (EEQ) from paying the FiT. EEQ does not currently pay for solar energy exported from solar PV systems between 5 kW and 30 kW as it is not obliged to do so. This amendment will require Ergon to pay for this energy, which has an estimated value of \$0.8 to \$1.1 million per year.

Consistency with fundamental legislative principles

The amendment has been drafted having regard to the Fundamental Legislative Principles (FLPs) outlined in the *Legislative Standards Act 1992* and there are no matters that are inconsistent with the FLPs.

Consultation

Consultation about the regulation has been undertaken with EEQ which is supportive of the changes. EEQ advised it can implement the proposal within their current systems and would alter their communication material to reflect the expanded eligibility. EEQ also noted the change will require it to pay for exported solar energy that it currently receives for free, but did not raise any concerns about this issue.

The Office of Best Practice Regulation (OBPR) was consulted regarding the need for assessment under the Queensland Government Guide to Better Regulation regulatory impact analysis framework. The OBPR determined that assessment under the framework was not warranted.