



New South Wales – How to get value for your solar power and feed-in tariffs explained

This factsheet provides information about how to maximise the value of your solar power through feed-in tariffs and the set-up of your solar power system.

What is a feed-in tariff?

A feed-in tariff is a payment made by an electricity retailer in exchange for electricity that you can feed into the electricity grid from the generation of renewable energy, such as solar photovoltaic (PV), wind, hydro or biomass systems.

Retailer-paid feed-in tariffs

Retailers offer feed-in tariffs at different rates. Retail electricity offers may include several components such as the daily fixed charge for being connected to the network, the electricity usage charge, any discounts applied to the fixed or usage charges, and the feed-in tariff for electricity you export to the electricity grid.

How is the retailer-paid feed-in tariff rate determined?

Each year, the Independent Pricing and Regulatory Tribunal (IPART) sets a benchmark range to provide guidance to solar customers and retailers on the value of solar PV generated electricity. The 2018-19 benchmark range for all-day solar feed-in tariffs is 6.9c/kWh to 8.4 c/kWh. IPART have also set time-dependent feed-in tariffs to take into account the different values of solar exports at different times of the day. The time-dependent benchmarks for 2018-19 are:

- 6.5 to 7.9 c/kWh between 6am and 3pm (when 86.2% of solar exports occur)
- 7.4 to 9.1 c/kWh between 3pm and 4pm (when 8% of solar exports occur)
- 11.2 to 13.7 c/kWh between 4pm and 5pm

(when 4% of solar exports occur)

- 14.1 to 17.2 c/kWh between 5pm and 6pm (when 1.5% of solar exports occur)
- 10.7 to 13.0 c/kWh between 6pm and 7pm (when less than 1% of solar exports currently occur)
- 7.8 to 9.5 c/kWh between 7pm and 8pm (when less than 0.1% of solar exports currently occur)

However, retailers are not required to offer rates within this benchmark, or offer any feed-in tariff at all. This means you should negotiate with retailers and shop around for the best feed-in tariff that will meet your circumstances.

Maximise the value of your renewable energy

To maximise the value of your solar power, you should shop around or negotiate with your electricity retailer for the best feed-in tariff rate to meet your circumstances. However, the feed-in tariff offer is only one component of your final retail electricity bill. A retail electricity offer with an attractive feed-in tariff may come with less appealing features such as higher fixed charges or less attractive discounts for usage. Make sure you consider all components of the retail offer to seek out the product that best suits your circumstances.

To compare retail electricity offers, visit the Australian Energy Regulator's independent price comparator website, www.energymadeeasy.gov.au.

To make the most of time-varying feed-in tariffs, consider using more of your own renewable energy when the feed-in tariff is lower and exporting it when the feed-in tariff is higher. You may also consider how you position your solar panels and whether to install a battery so that you can maximise energy export when the feed-in tariff is higher.

Which feed-in tariffs are now closed to new applicants?

The NSW Government introduced the Solar Bonus Scheme to encourage eligible customer groups including households, community groups, and small businesses to invest in their own solar PV generation systems. This scheme was run for connections in 2010 and the beginning of 2011. The scheme closed on 31 December 2016 for those that were previously under the scheme.

Am I affected by the closure of the Solar Bonus Scheme?

If you were a customer of the Solar Bonus Scheme its closure means you stopped receiving distributor-paid feed-in tariffs of either 60 cents or 20 cents per kWh for solar power you exported to the electricity grid.

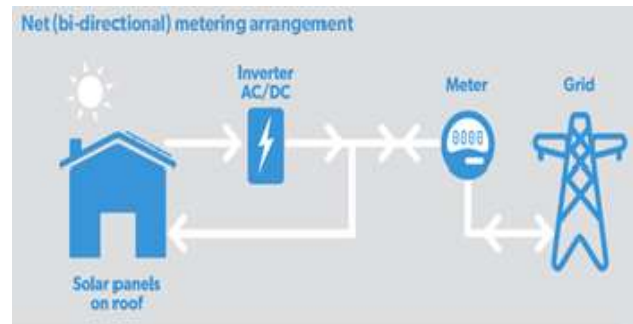
From 1 January 2017 you can shop around for a retailer's feed-in tariff offer. Speak to your retailer to negotiate the best deal for your circumstances. To compare energy offers, visit the Australian Energy Regulator's independent price comparator website, www.energymadeeasy.gov.au.

Do I have to change my meter?

No, you do not have to change your meter because the Solar Bonus Scheme has closed. But there may be financial benefits in doing so. Most customers will be financially better off using their solar PV generated electricity to supply their own household electricity requirements, and exporting only the 'unused' electricity to the electricity grid. In order to use your own solar PV generated electricity, you must have a meter capable of net metering.

What is net metering?

Net metering is when solar PV generated electricity is first used to meet any household consumption that takes place at the time of generation. The feed-in tariff applies only to the 'unused' electricity—the electricity generated by their solar PV system in excess of household consumption.

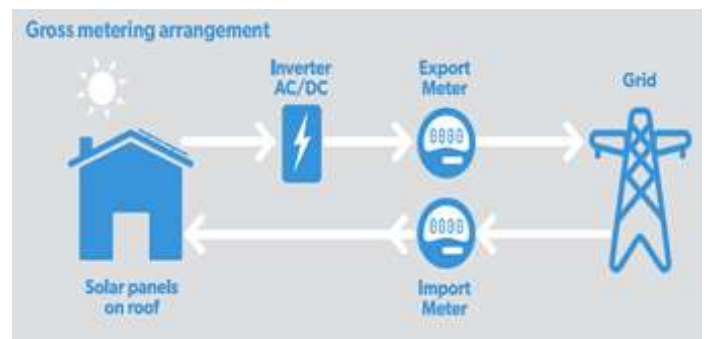


Source: NSW Department of Resources and Energy

Some customers on the Solar Bonus Scheme already have net metering but the majority of customers have gross metering. Speak to your retailer if you are unsure what metering you have.

What is gross metering?

Under gross metering, customers receive a feed-in tariff for all electricity generated by their solar PV system, irrespective of household consumption. Households do not consume their own solar PV generated electricity. Instead, all electricity required for household consumption is purchased from the electricity grid at the retail rate.



Source: NSW Department of Resources and Energy

Under the Solar Bonus Scheme, most customers were financially better off with gross metering as they received a higher rate for exporting their solar power compared with what they paid for purchasing electricity from the electricity grid.

The closure of the Solar Bonus Scheme means customers who were on the scheme no longer receive these higher feed-in tariffs. They are now better off supplying their household needs using their own solar PV generated electricity first and exporting only the remaining 'unused' electricity to the electricity grid. To do this, customers need a meter capable of net metering.

How can I switch to net metering?

To switch to net metering, customers could consider replacing their current meters with 'smart' meters (also known as digital meters).

Most customers currently have 'basic' meters (also known as accumulation meters), which can only measure total accumulated electricity usage. A basic meter cannot tell how much you consume at a particular time. On the other hand, a smart meter measures your electricity use every 30 minutes. You can then access information about your electricity consumption via your retailer.

By monitoring household electricity consumption, solar PV customers can better manage their electricity use and schedule consumption to maximise the use of their solar PV generated electricity, instead of unnecessarily purchasing electricity from the grid. Some smart meters can be remotely switched from gross to net metering.

A number of retailers are offering smart meters at no upfront costs. However, retailers may recover costs through other means, such as higher retail tariffs. Shop around to compare retailers' offers for smart meters and to find the best deal available.

Competition introduced to metering

The Australian Energy Market Commission (AEMC) has introduced a new policy to bring competition into the provision of metering services, making it easier and cheaper for households to buy smart meters.

Previously, your distributor was responsible for ensuring you had a working meter and typically installed a basic meter at your house. However, since 1 July 2016, retailers took over responsibility for new metering services and have been selling smart meters to customers. This means that if you are unhappy with the price or kind of smart meter your current retailer is offering, you can shop around to find a better deal.

Can I keep my current meter?

Yes, you can keep your current meter. However, in NSW most customers with a solar PV system have gross metering and will be financially better off switching to net metering. Installing a smart meter is the best way of switching to net metering. For all other electricity customers in NSW, when you decide to change your current meter, please keep in mind that the AEMC policy change means that from 1 December 2017, any new or replacement meter installed must be a smart meter.

Making the most of your solar PV system

Now that the Solar Bonus Scheme has ended there is increased value in using your solar PV generated electricity to supply your electricity requirements. This can be done by using timers on appliances such as dishwashers and washing machines, and running these appliances during daylight hours. If heating or cooling in your household is powered by solar PV generation, consider pre-heating or pre-cooling your house to take advantage of unused solar electricity generated in daylight hours. This can be done by programming electric heating or cooling appliances to switch on early in the day but set at a relatively conservative temperature.

If time-varying feed-in tariffs are available, you can make the most of your solar PV system by choosing to export to the grid when the feed-in tariff is higher.

Should I be using battery storage?

Batteries allow households to store solar power for use during non-daylight hours. However, adding battery storage to your household may involve a high upfront cost. The overall value of investing in battery storage will differ based on the upfront cost, the retail rates available and your location. Differences in the weather and the size of your solar PV system will determine the amount of electricity your system will generate. Smaller solar PV systems mean less unused electricity is generated to store and use when the sun is not shining. Make sure you compare the overall benefits with the total costs before investing in battery storage.

Further advice

IPART has released a series of fact sheets and an online offer comparison tool to help Solar Bonus Scheme customers now that the scheme has closed. This includes information on how to maximise the benefits of the solar PV system, switching to a net meter and a home battery system.

The NSW Government also released the NSW Home Solar Battery Guide which provides information and practical examples about battery storage.

For more information about the Solar Bonus Scheme and solar battery storage see the NSW Government's website <https://www.energy.nsw.gov.au/renewable-energy/consumers/>

For more information about the 2018–19 feed-in tariff benchmark range, see the IPART's website <https://www.ipart.nsw.gov.au/Home/Industries/Energy/Reviews/Electricity/Solar-feed-in-tariffs-201819>

For more information about the products and services available to solar customers due to the closure of the Solar Bonus Scheme, see IPART's website <https://www.ipart.nsw.gov.au/Home/Industries/Energy/Reviews/Electricity/Retail-offers-for-Solar-bonus-scheme-customers>

To help you compare retail offers, see the AER's Energy Made Easy website www.energymadeeasy.gov.au

Australian Energy Regulator

Infoline 1300 585 165

Website www.aer.gov.au

Energy Made Easy www.energymadeeasy.gov.au

Other contacts

Indigenous Infoline 1300 303 143

For information in languages other than English call 13 1450 and ask for 1300 585 165

Speak and Listen users phone 1300 555 727 and ask for 1300 585 165

TTY users phone 13 3677 and ask for 1300 585 165

Internet relay users connect to the National Relay Service

(<http://www.relayservice.com.au>) and ask for 1300 585 165

Australian Competition and Consumer Commission
23 Marcus Clarke Street, Canberra, Australian Capital Territory 2601
© Commonwealth of Australia 2017
Important notice
The information in this publication is for general guidance only. It does not constitute legal advice or other professional advice, and should not be relied on as a statement of the law in any jurisdiction. Because it is intended only as a general guide, it may contain generalisations. You should obtain professional advice if you have any specific concern.
The ACCC has made every reasonable effort to provide current and accurate information, but it does not make any guarantees regarding the accuracy, currency or completeness of that information.
ISBN 978 1 921973 33 8