

19 April 2016

Electricity tariff reform to unlock distributed energy

Queensland's electricity system is leading the world in the distributed energy revolution - but it will need better electricity tariffs to achieve fairness and efficiency.

In its submission to the Queensland Productivity Commission's (QPC) inquiry into solar feed-in pricing, the Energy Networks Association (ENA) urged the commission to support electricity pricing reform that rewards customers for reducing peak demand.

"Australia leads the world – and Queensland leads Australia – in the penetration of rooftop solar panels," ENA CEO John Bradley said.

"Queensland has overtaken South Australia to have 29% of dwellings with a PV system – over 10% of the State's total generation capacity is owned by grid connected small customers."

Mr Bradley said the distributed energy transformation would require smarter prices and incentives to maximise the benefits of new technology for all electricity customers.

"The Queensland Productivity Commission was right to conclude that blunt Feed-In Tariffs are not an efficient mechanism to deliver either greenhouse gas abatement or electricity network investment savings.

"Customers who take up the new network pricing plans which are being offered will be rewarded for how they use their new technology to reduce peak demand," Mr Bradley said.

"Peak demand is a key driver of future network investment – so it makes sense to reward customers who help 'beat the peak'."

Mr Bradley said all electricity customers would end up paying more for blunt subsidies that were not focused on reducing emissions as efficiently as possible or lowering system costs.

"The ENA agrees with the QPC that a broad, undifferentiated feed-in tariff is not an appropriate tool to facilitate savings in network costs because the value of solar PV generation depends on where and when it happens on the network.

"The right pricing framework will reward customer choices that help avoid unnecessary investment – whether through smart orientation of solar panels, the use of onsite storage, load control of pools and air-conditioning or smart home automation."

However, Mr Bradley said the ENA had advised the QPC there was a potential role for embedded generation incentives as part of a broad network tariff reform program.

"There are a host of innovative companies, including energy networks, who are working on how to save customers money with smart technologies like storage, solar panel inverters and home automation.

“Over time we can see a range of new markets emerging which might see payment streams to customers for the specific benefits their onsite generation creates for the network – the reform of network tariffs is the first step on this journey.”

The QPC invited submissions from interested parties in response to its *Draft Report on Solar Feed-in Pricing* for small customers in Queensland, with submissions closing on Friday.

Mr Bradley said the ENA had just released a draft *Electricity Network Tariff Reform Handbook* for consultation to guide the development and implementation of electricity prices that provide benefits to customers.

“The electricity grid is the backbone of the energy system and a vital platform for integrating renewable energy sources,” Mr Bradley said.

“By rewarding customers who reduce peak demand, we can avoid future network investment, encourage the best use of solar panels and battery storage, and reduce cross-subsidies between customers.”

The draft *Electricity Network Tariff Reform Handbook* can be downloaded at www.ena.asn.au/electricity-network-tariff-reform

-Ends-

Media Contact:

Simone Reading

02 6272 1524 or 0447 569 029

The Energy Networks Association is the peak national body representing Australia’s electricity transmission and distribution networks and gas distribution networks on economic, technical, environmental and safety regulation, and national energy policy issues. ENA members provide energy to virtually every household and business in Australia.