We will start at 10:02am

- Cameras are optional
- Please mute your microphones
- Please add your name and organisation

IPART Independent Pricing and Regulatory Tribunal | NSW

Solar feed-in tariff benchmark review

Workshop

11 March 2025

Agenda

01 Welcome

02 Approach to setting the benchmarks

03 Network export tariffs

04 Wholesale forecasting methodology

Welcome
Acknowledgement of Country

Jonathan Coppel
Tribunal Member

Our Terms of Reference

- **The Minister for Energy has asked IPART to set solar feed-in tariff benchmark ranges for 2024-25 to 2026-27.**

- We are required to set 2 benchmarks:
  1. a flat-rate benchmark – applies across the entire day
  2. a time dependent benchmark – changes across different periods in the day

- We are required to set the benchmarks in a way that:
  - there should be **no resulting increase in retail electricity prices**
  - they support a **competitive retail electricity market**
  - they are fit-for-purpose and **consider export charges and demand charges**.

IPART – Secretariat Presentation

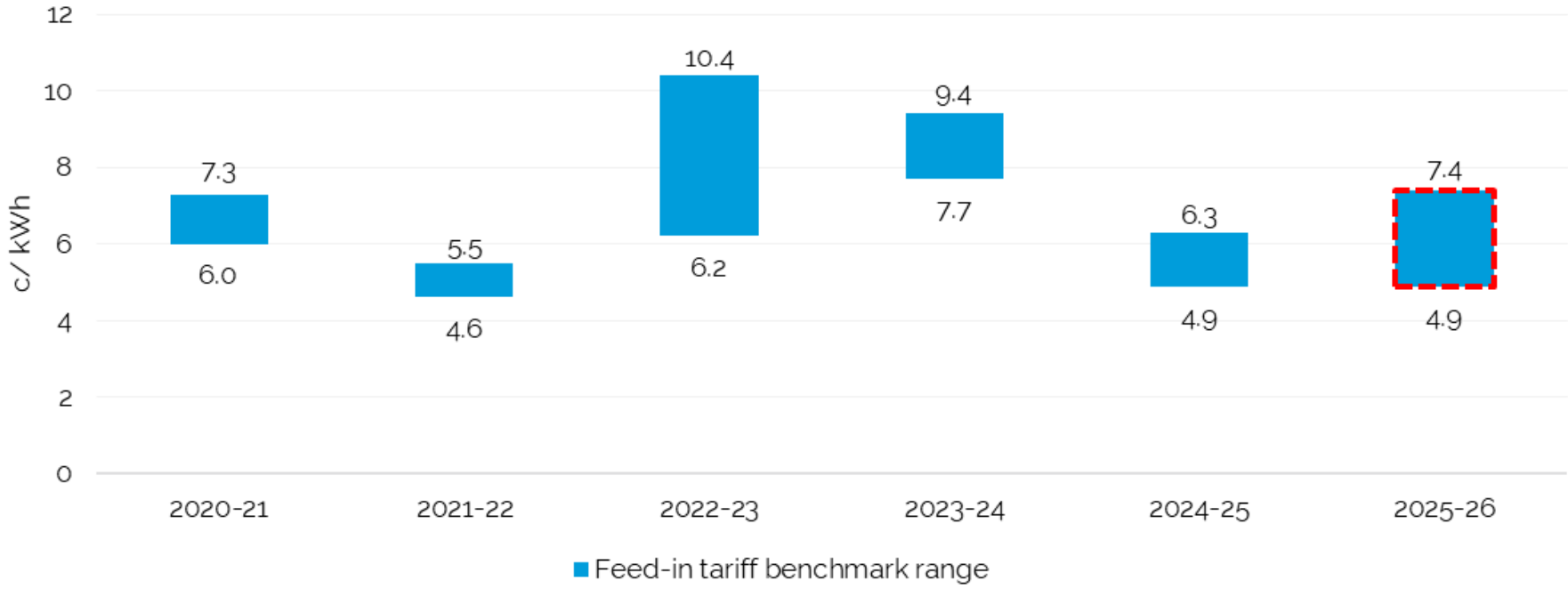
Julie Soai

Solar feed-in tariff benchmark ranges for 2025-26

Where the review is up to

Draft benchmarks for 2025-26

IPART's solar feed-in tariff benchmarks, by financial year



Our benchmarks reflect the value of solar exports to retailers

Solar feed-in tariff benchmark =

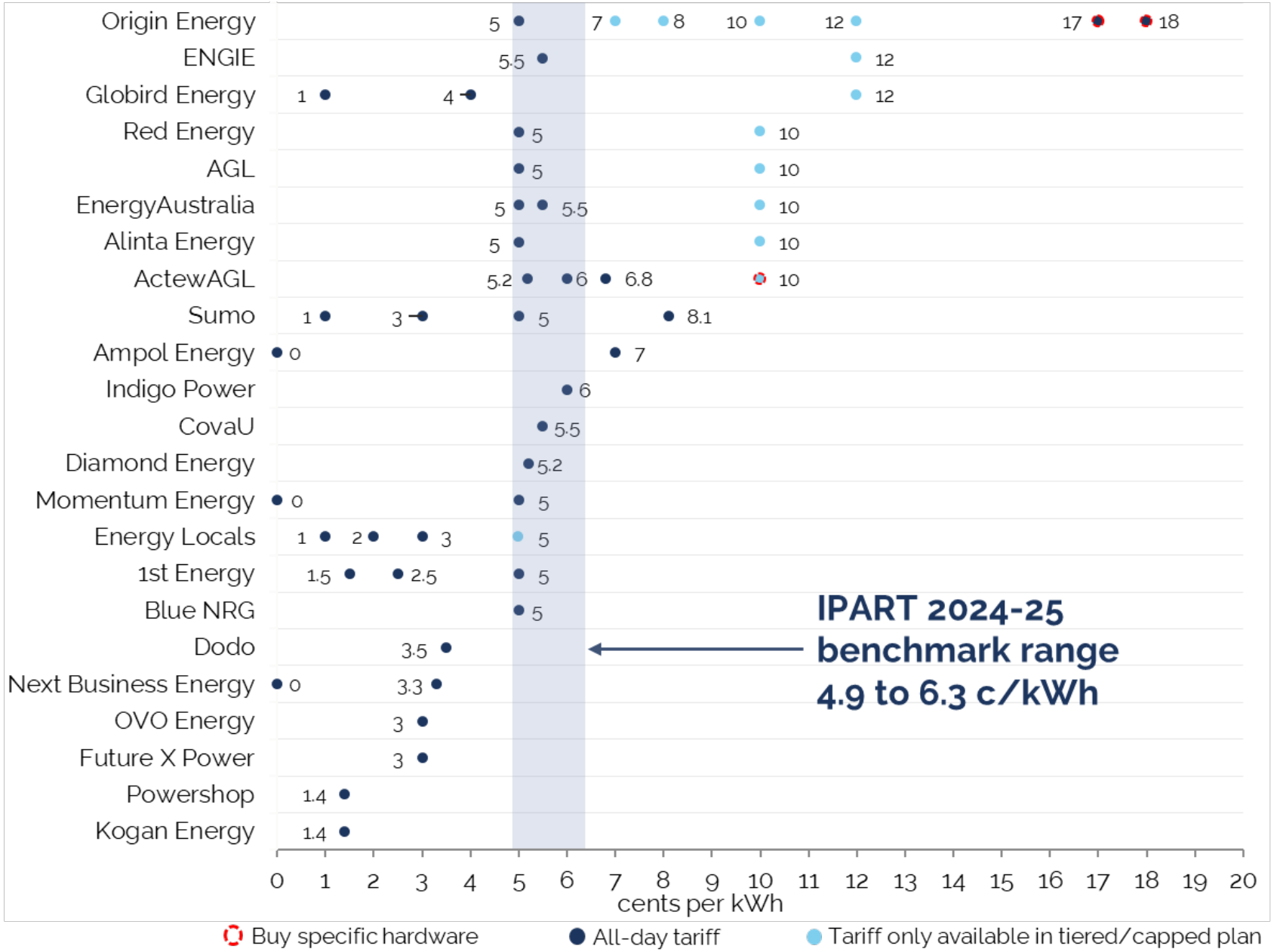
1. Forecast average **wholesale prices** at the times solar is exporting

2. Scale by an **avoided loss factor**

3. Add back the value of **NEM fees & charges**

4. Add or subtract the net value of **network export charges**

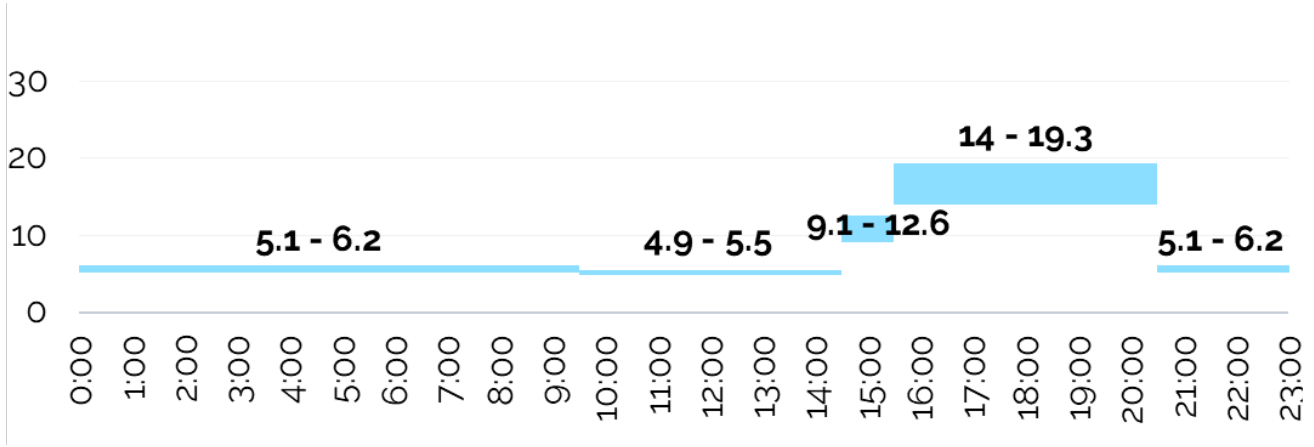
Retailers compared to IPART's 2024-25 benchmark range



Time-dependent benchmarks for 2025-26

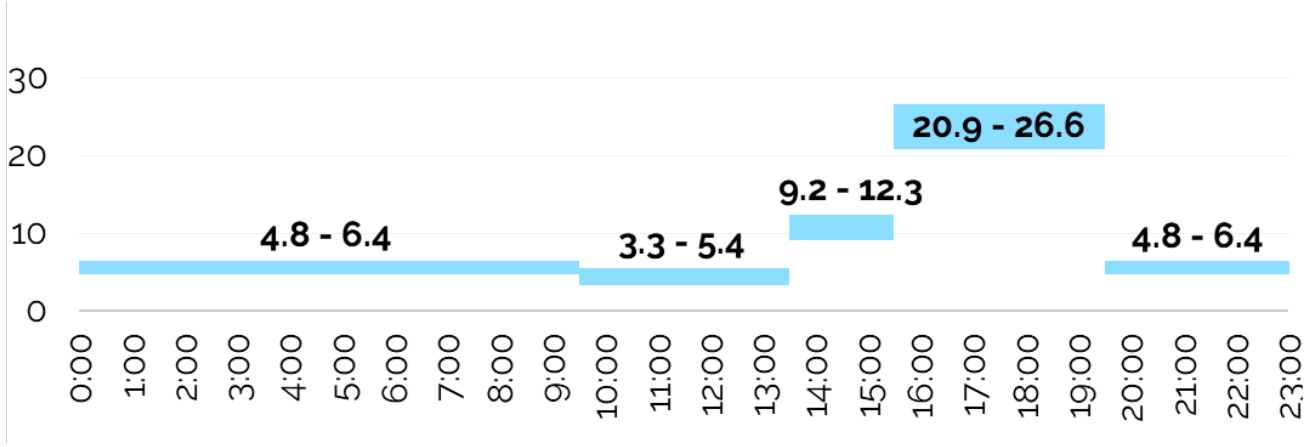
Ausgrid

(c/kWh)



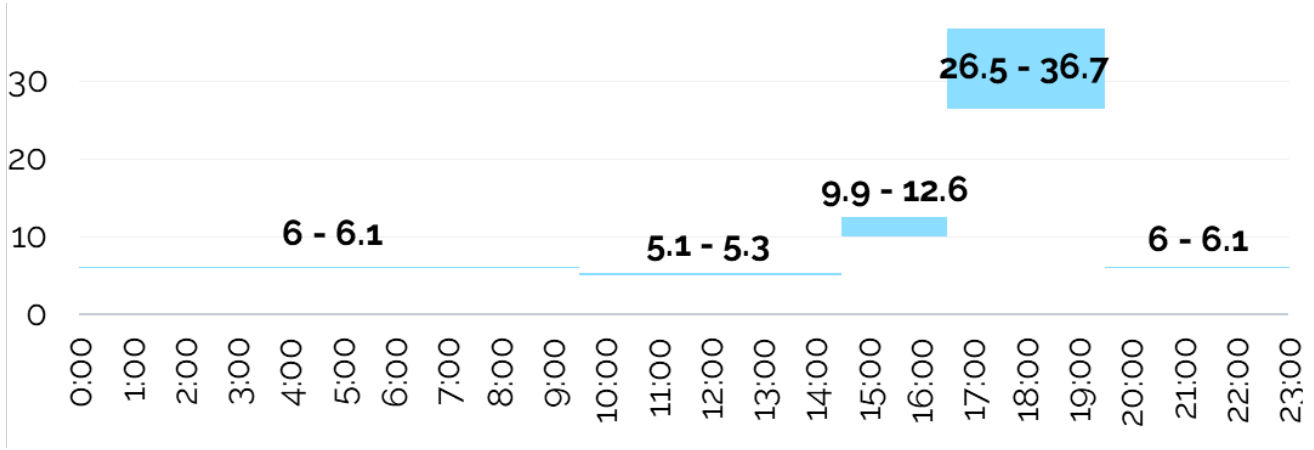
Endeavour Energy

(c/kWh)



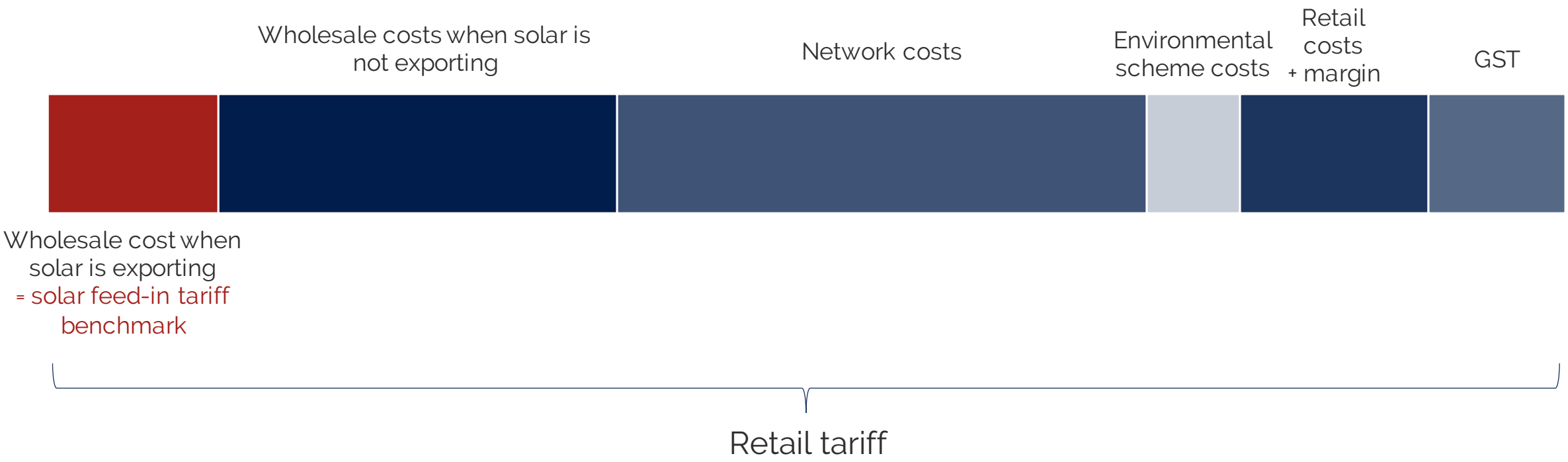
Essential Energy

(c/kWh)



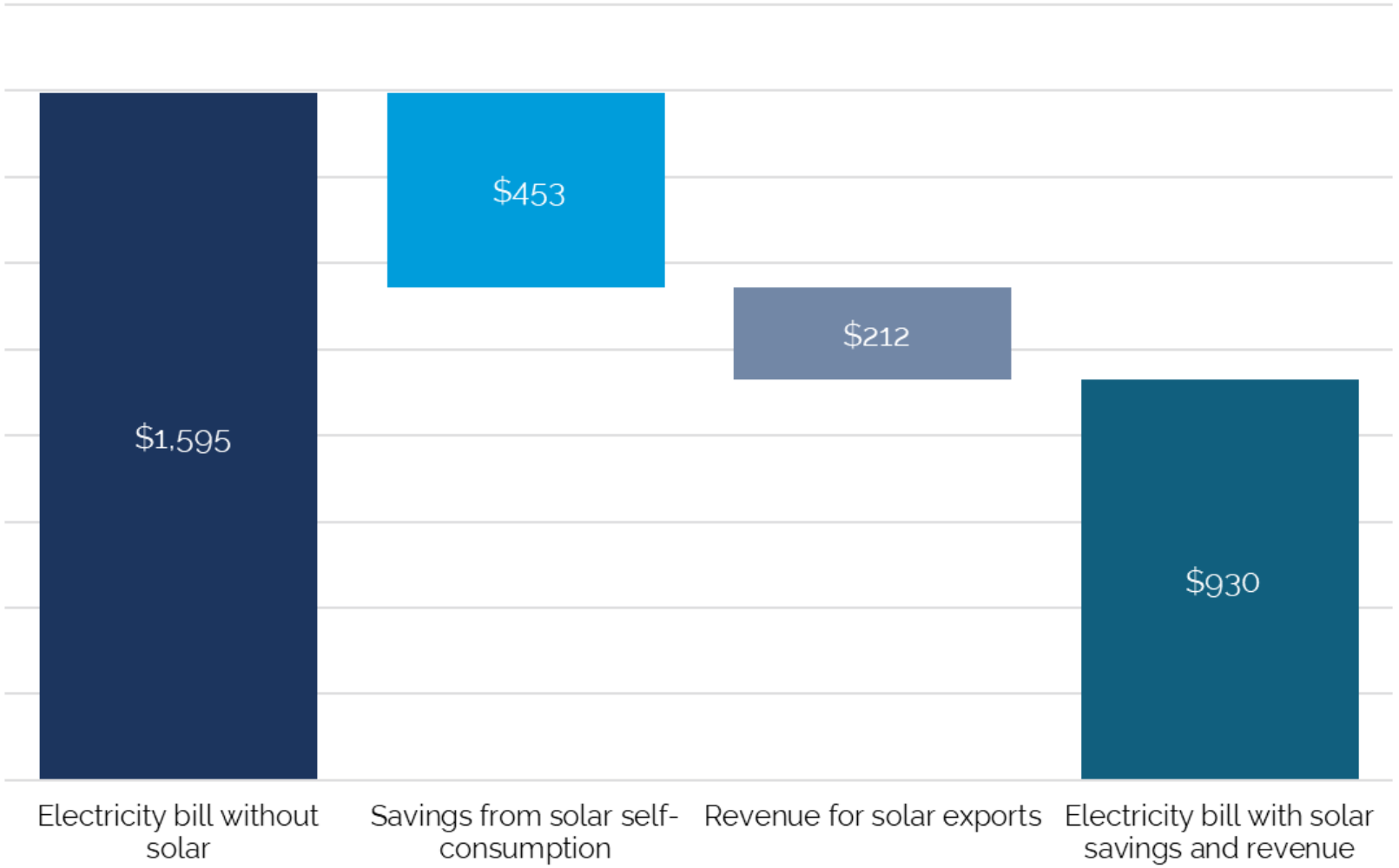
All-day benchmarks are lower than retailer electricity prices

Retail tariff breakdown – cost components



Savings from solar

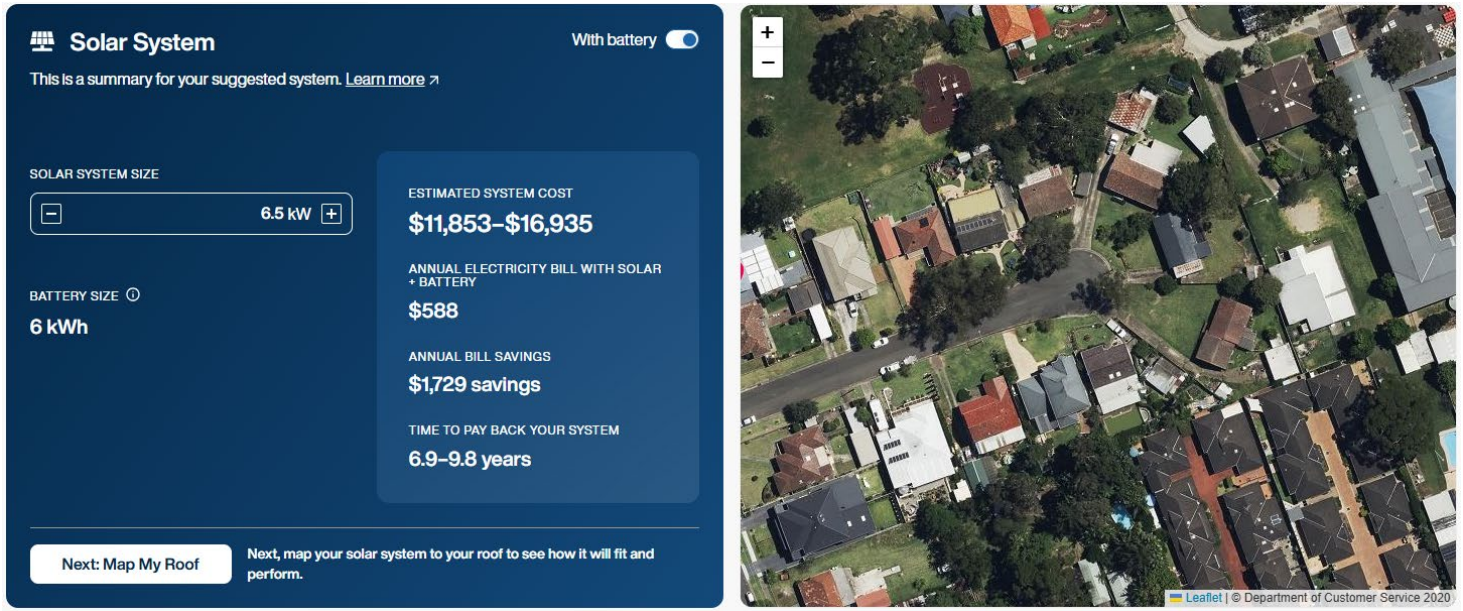
Savings from solar for a typical consumer – 5kW solar system



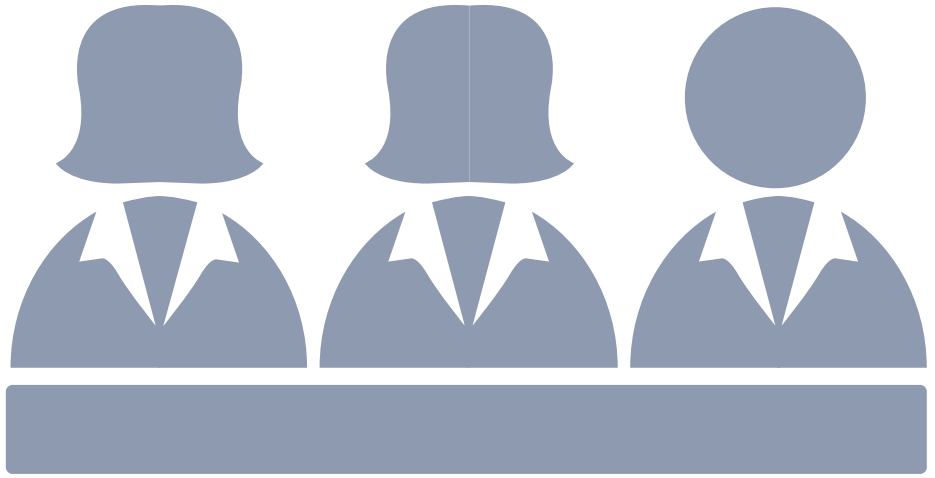
SunSPOT – Solar and battery calculator

SunSPOT

APVI | SOLAR POTENTIAL TOOL



Comments or questions



Two-way export tariff

Presentation to the IPART public workshop

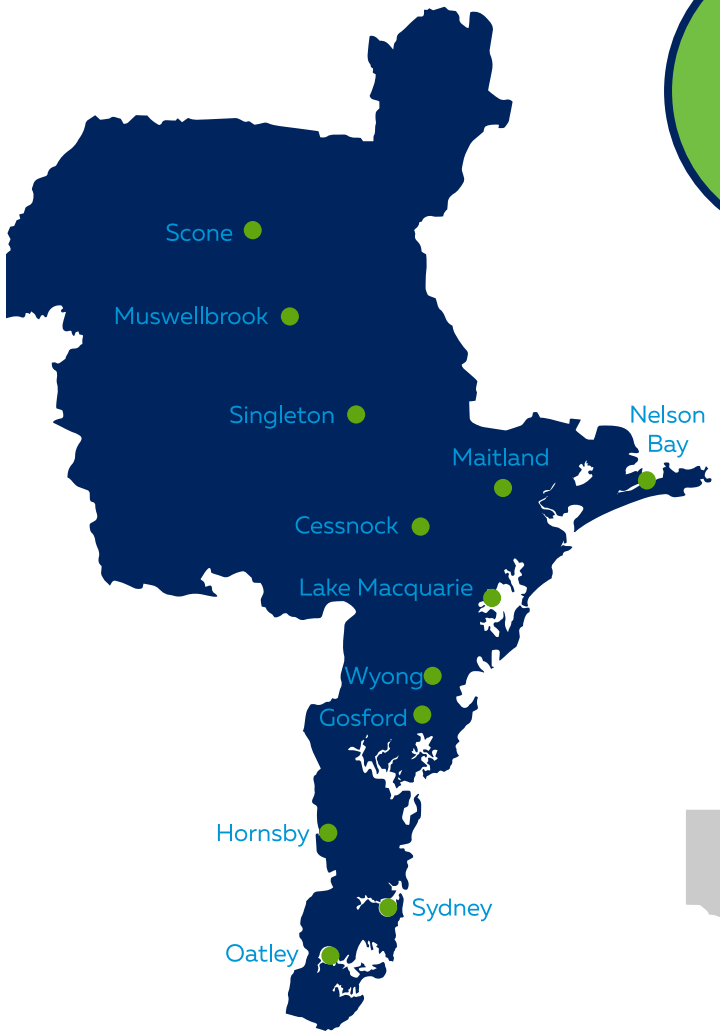
11 March 2025

Ausgrid

About Ausgrid

We own and manage the electricity network that covers Sydney, the Central Coast, Newcastle and Hunter areas.

- ~255,000 streetlights
- ~500,000 power poles
- ~230 large substations
- ~33,000 small distribution substations
- ~50,000km of network infrastructure

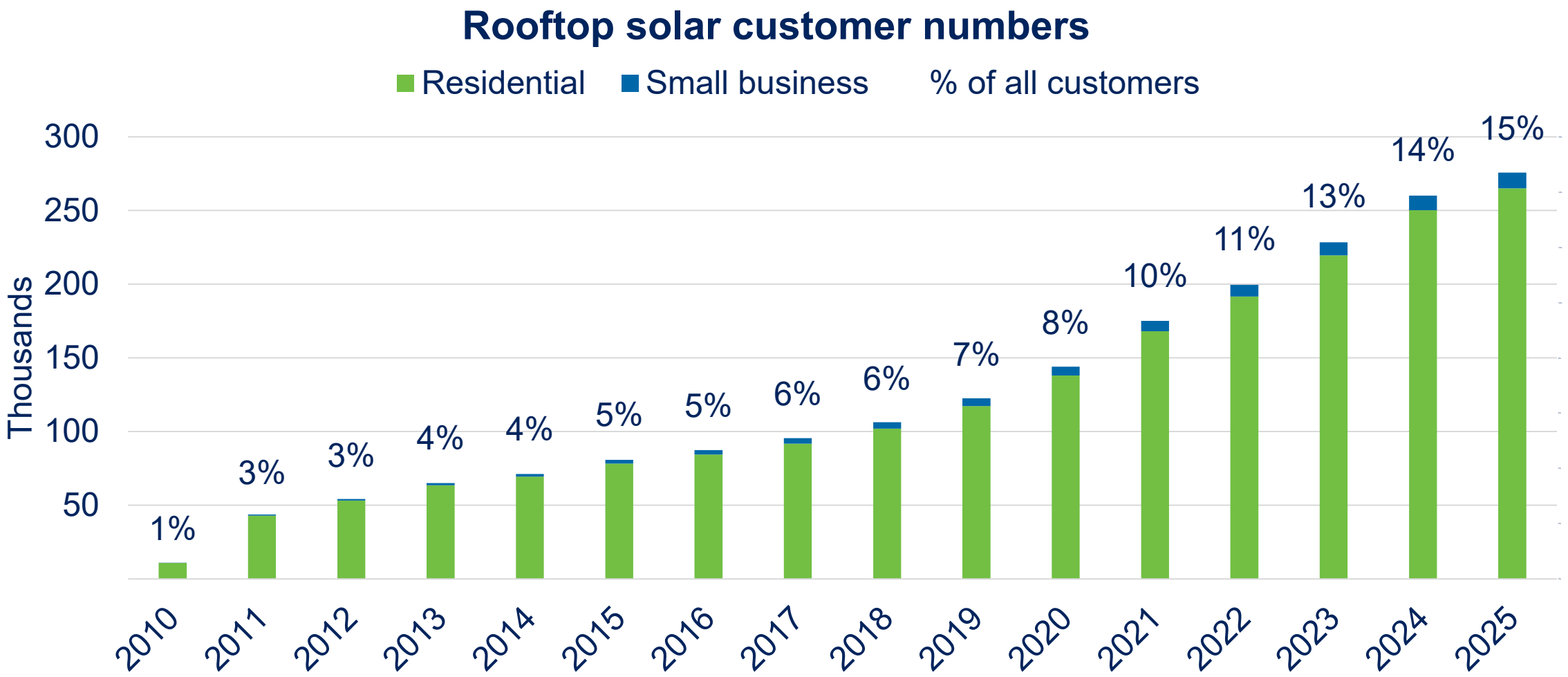


~3000 TEAM

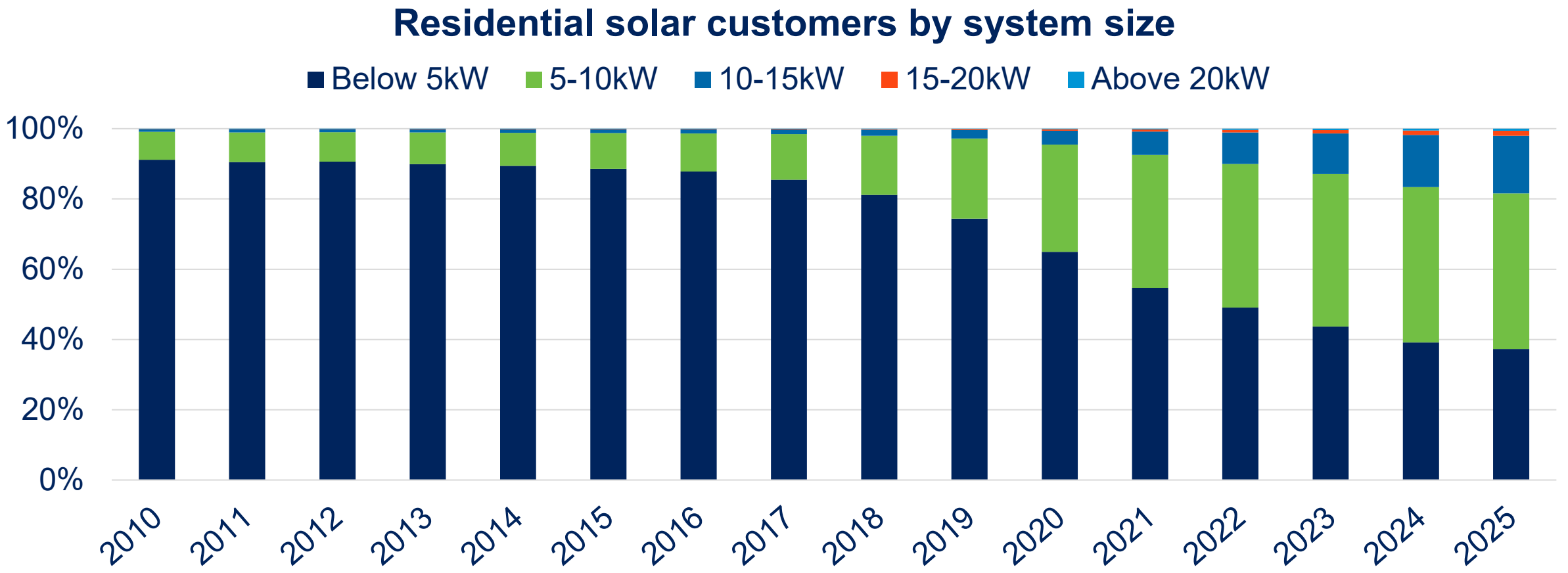
4 Million PEOPLE

1.8 Million HOMES & BUSINESSES

Solar growth continues to be strong



Solar system sizes are increasing



Our proposed two-way export tariff rates for 1 July

	Applies to energy exported into the network
Peak reward period 4pm-9pm	3.85 c/kWh
Solar soak charge 10am-3pm	1.23 c/kWh

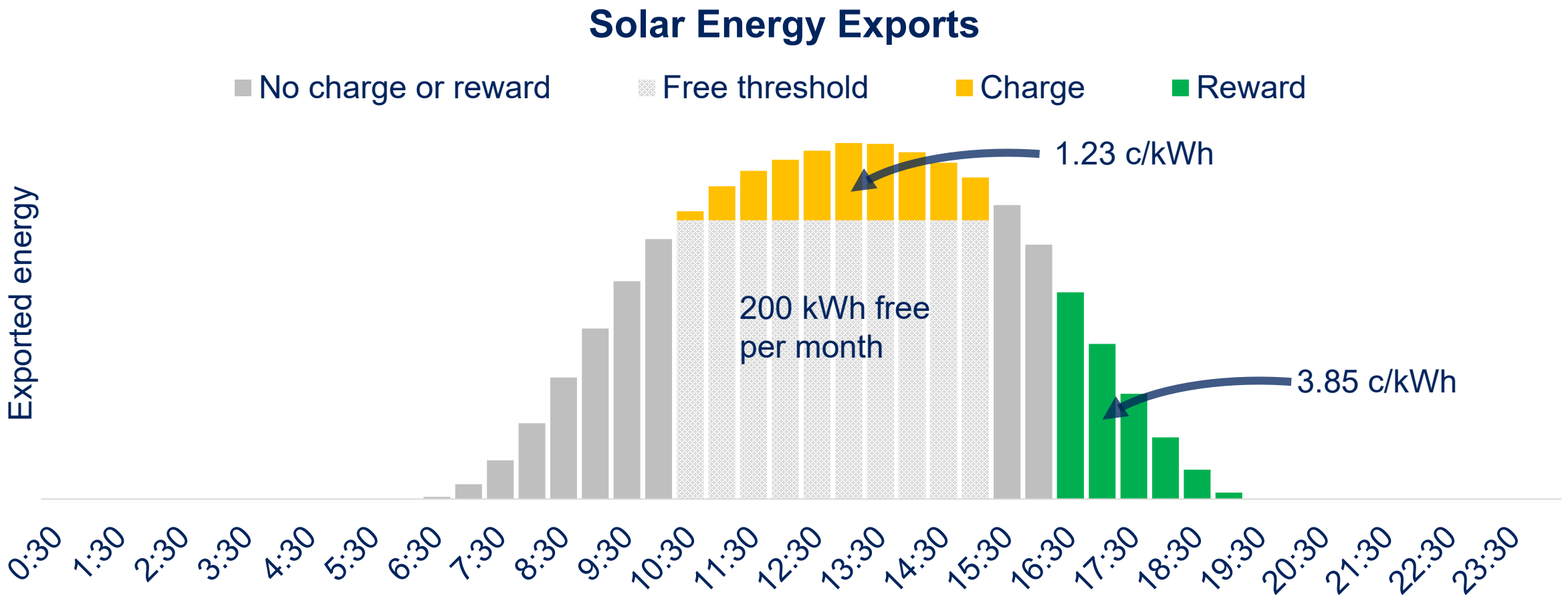
Not all retailers are expected to pass through this export tariff

There is no charge for the first 200 kWh* of energy exported in a month

**as determined from 6.85 kWh multiplied by the number of days in a monthly billing period*

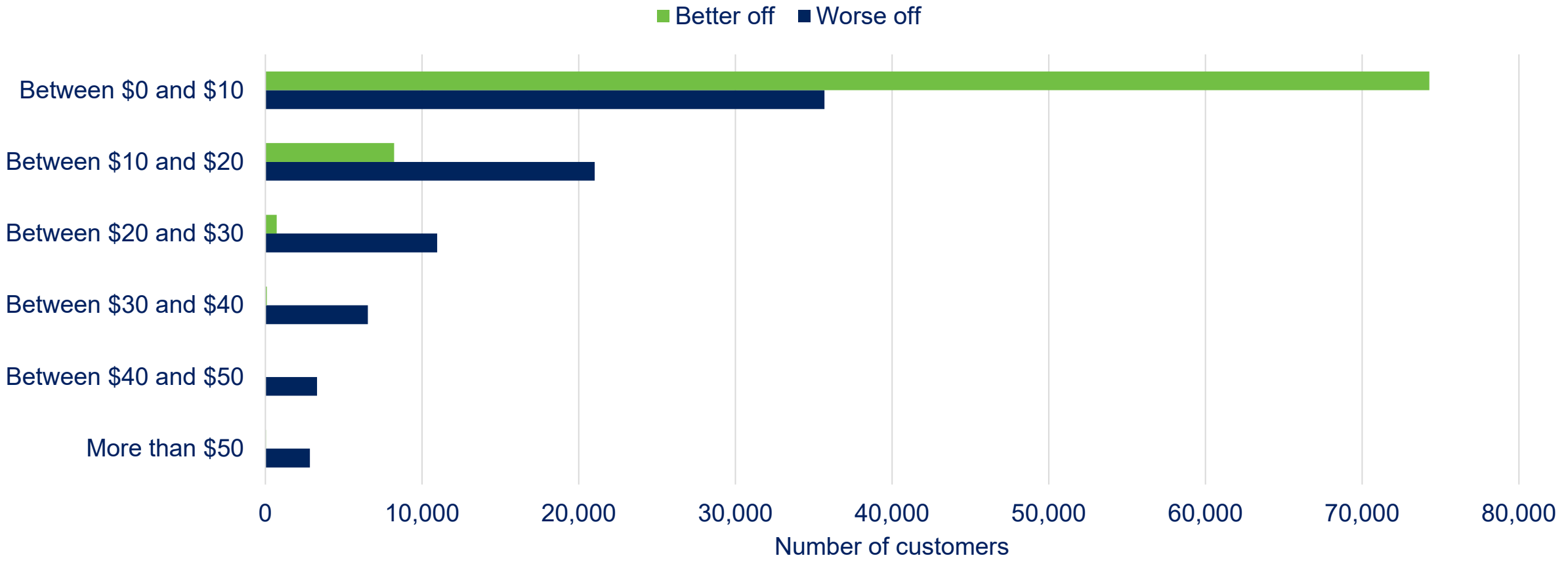
Ausgrid

When does the export tariff apply?



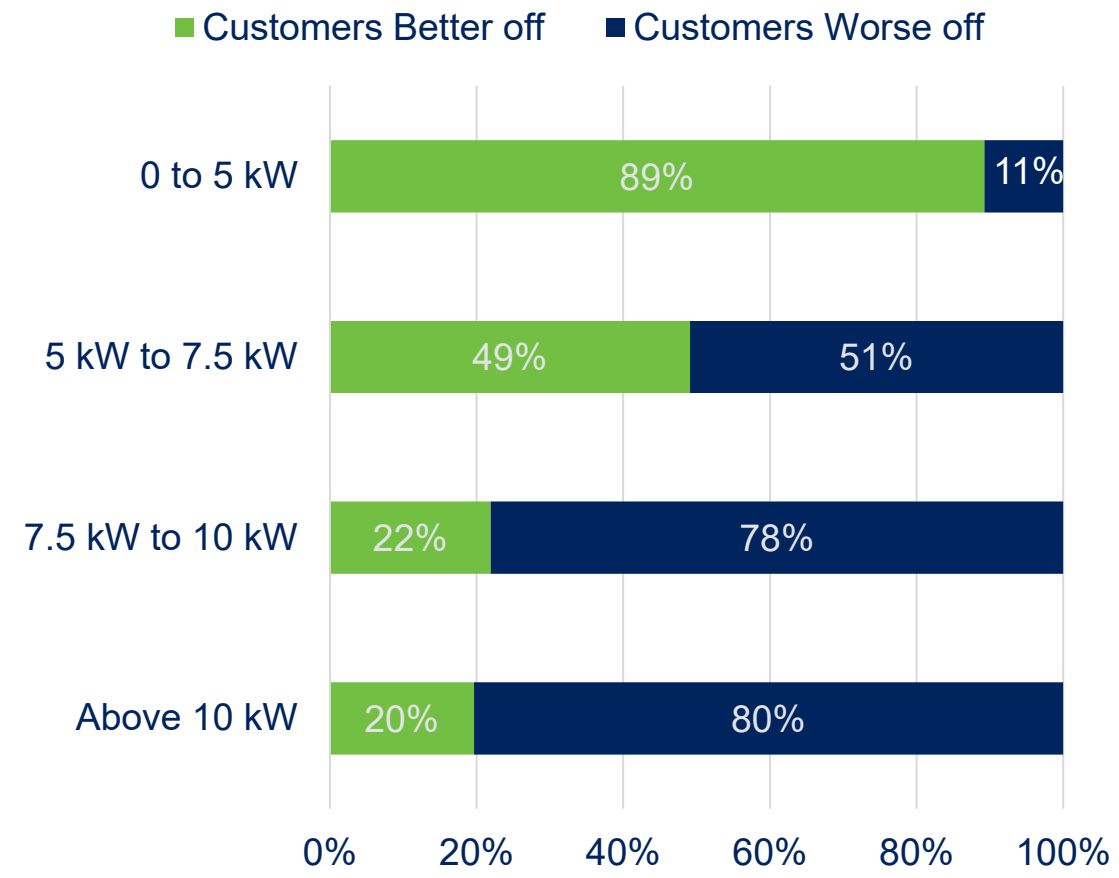
Annual export tariff bill impacts

Residential customers

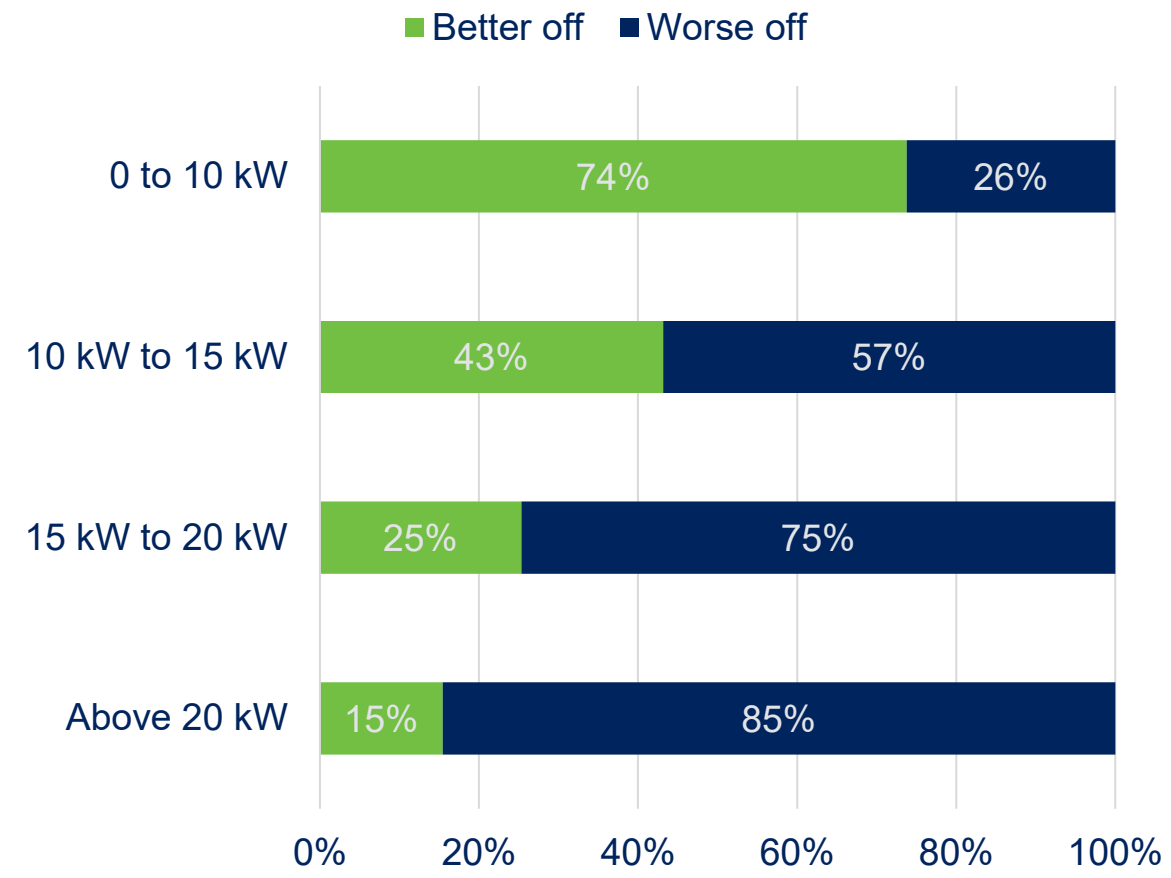


Bill outcomes depend on solar panel size

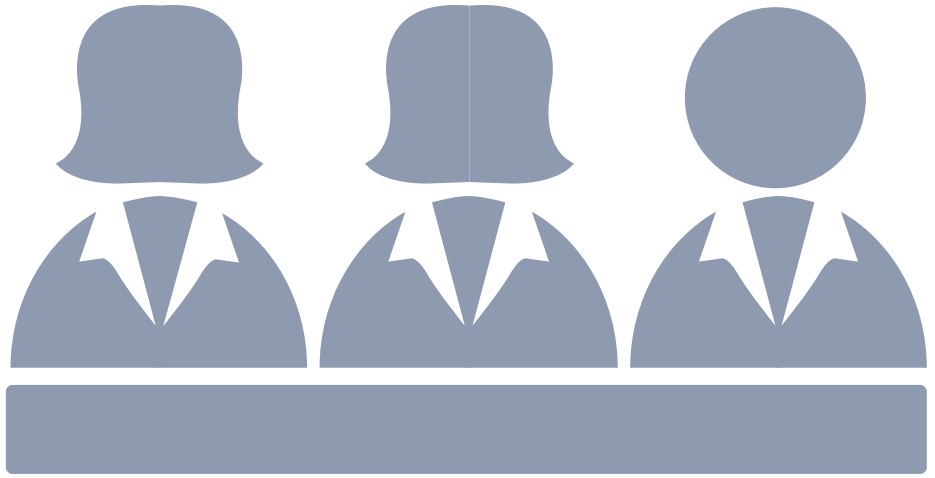
Residential customers



Small business customers



Comments or questions



IPART Secretariat Presentation

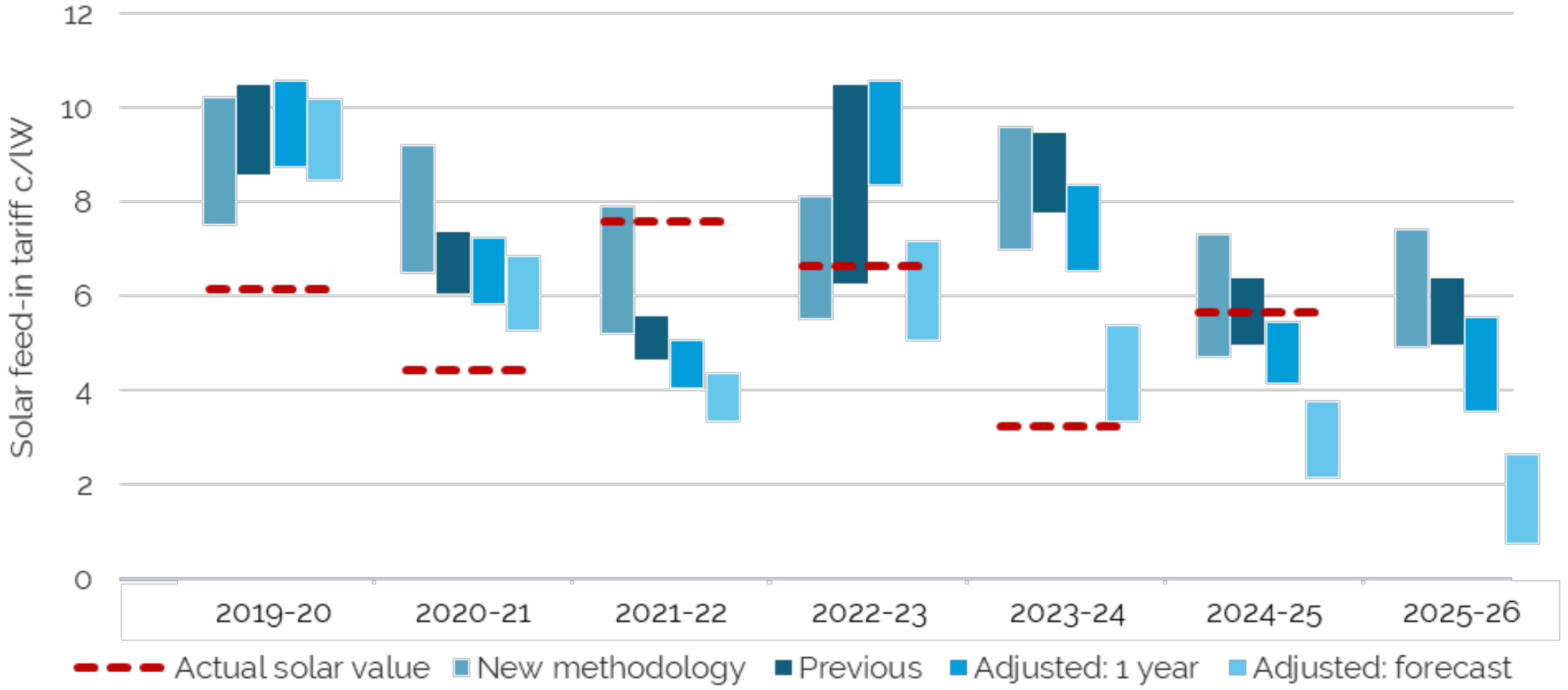
Adrian Thomas

Wholesale forecasting methodology and other issues

New methodology

Included costs	Costs not included
Forecast solar-weighted wholesale electricity price range	Demand charges
Error margin	Reliability & Emergency Reserve Trader (RERT) scheme charges
Avoided network loss factor	
Avoided NEM fees & charges	
Net network export tariff	

Comparison of new, old and alternative methodologies



Wholesale forecasting approach

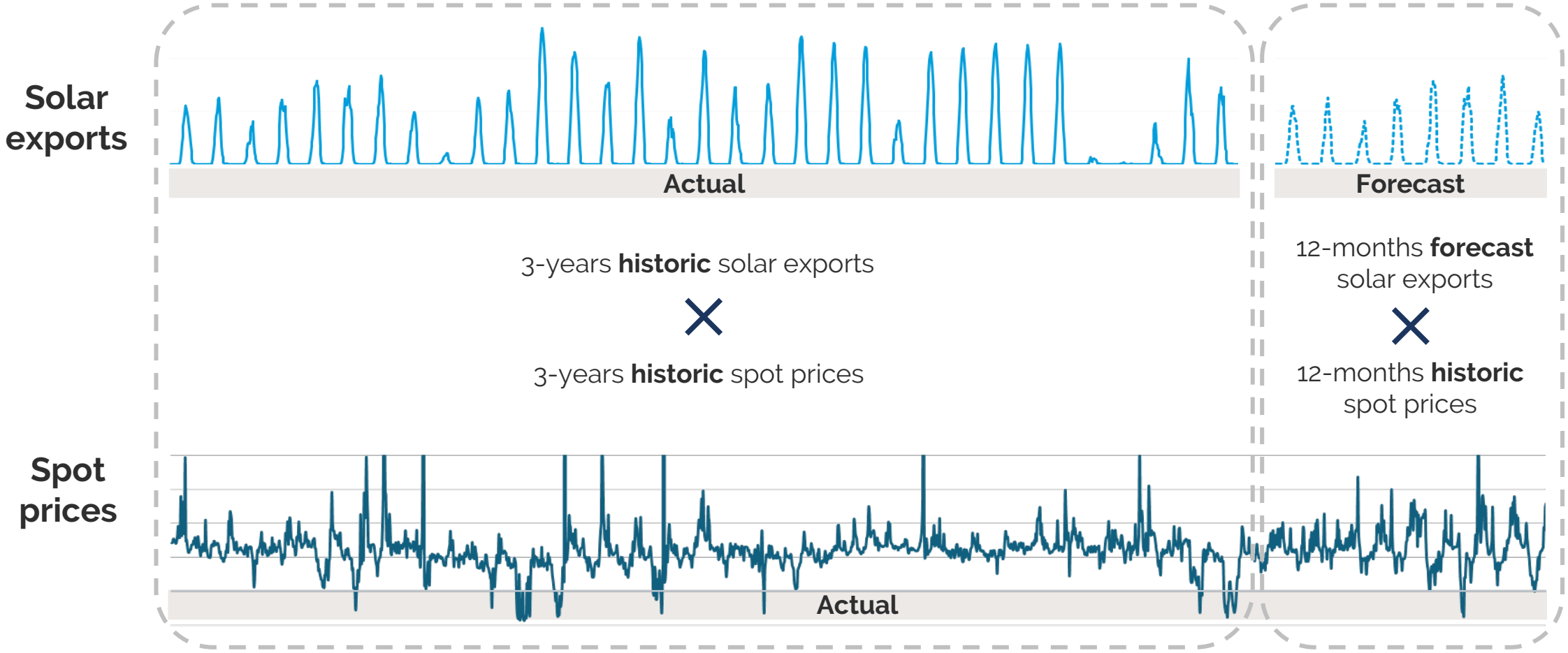
Draft decision: Use historical solar export-weighted prices.

- Replaces the solar multiplier and ASX-based forecast.
- Simpler and more transparent.
- More predictable historic performance.

We have proposed this change because:

- The relationship between solar exports and daytime prices is strengthening.
- Daytime prices are less volatile than all-day prices.

Wholesale forecasting approach



Error margin

The draft error margin for 2025-26 is 15%.

How is this set?

Qualitative decision each year that considers:

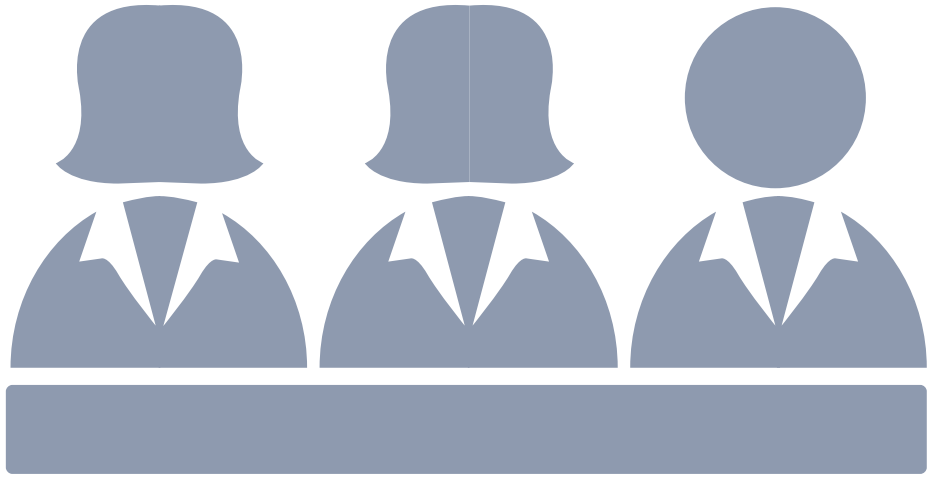
Price volatility over the most recent 12 months.

The **width of the benchmark** range without an error margin.

The average historic difference between the forecast and actual solar-weighted price.

This is 12%.

Comments or questions



Impact of new network export tariffs

- Distribution network providers charge or give rebates to retailers when their customers export electricity to the grid.
- Network export tariffs aim to encourage solar customers to use more of their electricity onsite, when the grid does not need it, and export more when the grid does need it.

Draft decision: Adjust the 2025-26 solar feed-in tariff benchmark to reflect network export charges/rebates:

- Reduce bottom end of range by 0.14 c/kWh
- Do not adjust upper end of range.

Impact of new network export tariffs

Example calculation of the net impact of network export tariffs

	1	2	3	4	**Total**
Net impact ($)	$5	-$10	$3	-$8	**-$10**
Total exports (kWh)	1,300 kWh	2,700 kWh	900 kWh	2,400 kWh	**9,700 kWh**
Net impact (c/kWh)					**0.14 c/kWh**

Time-dependent benchmarks for each network

Network	Time window	Benchmark range (c/kWh)	Net impact of export tariff/rebate (c/kWh)	New benchmark range (c/kWh)
Ausgrid	10 am to 3 pm	5.3 to 5.9	-0.44	4.9 to 5.5
	3 to 4 pm	9.1 to 12.6	-	9.1 to 12.6
	4 to 9 pm	11.5 to 16.8	+2.46	14 to 19.3
	9 pm to 10 am	5.1 to 6.2	-	5.1 to 6.2
Endeavour	10 am to 2 pm	4 to 6.1	-0.72	3.3 to 5.4
	2 to 4 pm	9.2 to 12.3	-	9.2 to 12.3
	4 to 8 pm	11.6 to 17.3	+9.32	20.9 to 26.6
	8 pm to 10 am	4.8 to 6.4	-	4.8 to 6.4
Essential	10 am to 3 pm	5.6 to 5.8	-0.49	5.1 to 5.3
	3 to 5 pm	9.9 to 12.6	-	9.9 to 12.6
	5 to 8 pm	15.4 to 25.7	+11.09	26.5 to 36.7
	8 pm to 10 am	6 to 6.1	-	6 to 6.1

Demand tariff & Reliability and Emergency Reserve Trader (RERT) costs

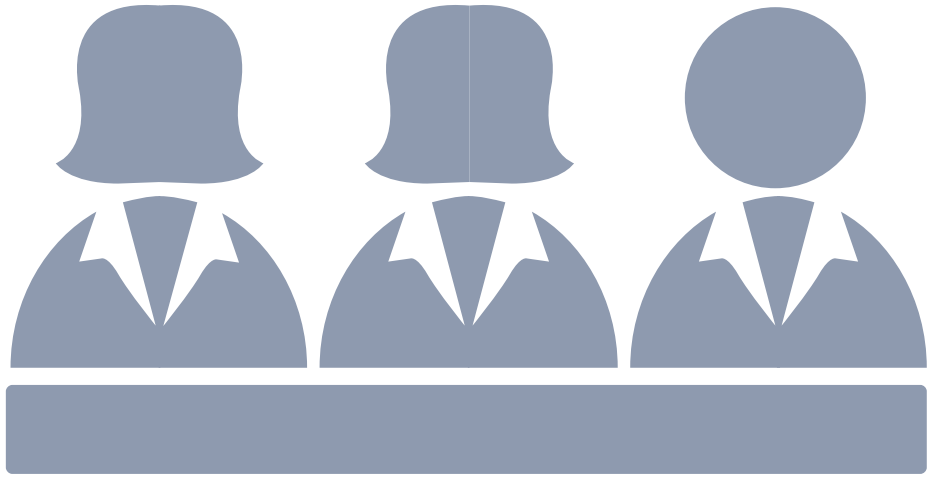
Demand charges:

- intend to reflect the costs of using the network during peak periods
- Are unrelated to solar feed-in tariffs.

RERT scheme:

- provides for emergency energy reserves when there is an expected shortfall in reserves
- difficult to forecast ahead of time due to infrequent nature and unknown scale.

Comments or questions



Closing remarks

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Visit our website

https://www.ipart.nsw.gov.au/review/energy/solar-feed-tariff-benchmarks-2024-25-2026-27