



## MEDIA RELEASE

### Fair and Reasonable Solar Feed-in Tariffs for Queensland

22 March 2013

The Queensland Competition Authority (QCA) today released its final report into solar feed-in tariffs confirming that the Solar Bonus Scheme will sharply increase electricity prices over the next three years.

“The QCA forecasts that the Solar Bonus Scheme will cost \$3.4 billion by 2028. These costs are paid by every Queensland electricity customer via higher network charges.” QCA Chairman Malcolm Roberts said.

“There is a large and growing subsidy from customers without solar panels to customers receiving the Solar Bonus Scheme payments. In 2013-14, the typical residential customer will pay about \$70 to fund feed-in tariffs. By 2015-16, the QCA forecasts that this subsidy will be \$276.” Dr Roberts said.

The crux of the problem is that the feed-in tariff rate was set far too high when the Solar Bonus Scheme was introduced in 2008. At 44c/kWh, the feed-in tariff is almost double today’s retail price for residential customers (23c/kWh).

“The QCA recommends that any future feed-in tariffs must avoid this mistake. The price paid for electricity returned to the grid should reflect its real value. The QCA proposes that future feed-in tariffs should be no more than the value to retailers of the energy they on-sell from their customers with solar panels.

“The QCA calculates that a ‘fair and reasonable’ rate in south east Queensland would be 7.55c/kWh. With healthy retail competition in the south east, the QCA believes there is no need for government to set a regulated price. Seven retailers are already offering competitive retailer-funded feed-in tariffs, with some offering a rate higher rate than 7.55c/kWh.

“Elsewhere in the State, the ‘fair and reasonable’ rate will vary according to location and may need to be set by regulation given the weakness of retail competition.” Dr Roberts said.

The QCA was asked for advice on options to reduce or more equitably share the costs of the Solar Bonus Scheme.

“Unfortunately there is no simple solution to containing the costs of the scheme.

“The costs of the Scheme to other customers could be mitigated if electricity retailers were required to contribute to the distributor-funded Scheme. This is already happening in NSW where retailers pay 7.7c/kWh for energy generated under the NSW scheme.

“A retailer contribution could reduce costs by as much as \$386 million over the life of the Scheme.” Dr Roberts said.

The QCA report is independent advice to government. The Queensland Government will undertake its own review of the Solar Bonus Scheme, which is expected to be completed by 30 June 2013.

For more information on the Authority’s investigation into fair and reasonable feed-in tariffs for Queensland visit: [www.qca.org.au/electricity-retail/Review\\_Of\\_Solar\\_Feed/FinalReport.php](http://www.qca.org.au/electricity-retail/Review_Of_Solar_Feed/FinalReport.php)

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