

**RE: MICRO ECONOMIC REFORM – LIKELYHOOD OF DISCRIMINATING AGAINST ELECTRICITY CONSUMERS WITH SOLAR PV SYSTEMS**

Over the past few years both the Federal and State Governments have promoted the virtues of solar PV systems to electricity consumers across the nation in order to 1) help reduce Australia's carbon footprint and 2) consumers to become more energy efficient.

The installation of both residential and business solar PV systems in Australia has grown at a rapid rate as consumers struggle to become more energy efficient and as a result of reduced energy consumption from the grids, suppliers are seeing their revenue base gradually being eroded (some power stations in the eastern states of Australia have or are in the process of being "mothballed"). But instead of consumers, who have invested in solar PV systems, being given accolades for reducing their consumption of grid generated electricity, they are being penalised by way of suppliers ever increasing their rates in an attempt to maintain their profit level. A quote from the Business Spectator states "Power companies (and state government owners) are seeking to maintain their old world revenue via increases...".

Power companies should be forced to become more efficient by restructuring their companies (as many other industries are forced to do in this day and age) to offset the reduction in their revenue base as a result of solar PV. Short sighted increases in electricity charges and/or additional fees/levies imposed on consumers who have invested in solar PV and feed electricity back to the grid (some consumers having invested a considerable amount of money), can only lead to what is referred to in the industry as the "death spiral" as more and more consumers move towards solar PV and energy storage.

The current Western Power Feed in Tariff is 8.8529 cents per unit whereas the usage tariff under Home Plan (A1) is 22.6242 cents per unit. It can therefore be said that consumers, who have solar PV systems and are contracted under Western Power's Home Plan (A1) scheme, are paying their fair share, if not more, of network costs as Western Power is able to profit from on-selling every unit that has been fed back into the grid under the current FIT of 8.8529 cents per unit. In other words, for every unit fed back into the grid under the aforementioned plan and then on- sold to another consumer, the supplier retains approximately 40% of the cost of the unit which was initially generated by the PV solar consumer and fed into the grid

	<b><u>Cost to supplier</u></b>
FIT for 1 unit	(8.8529)
1 unit on sold	<u>22.6242</u>
Supplier retains	13.7713 cents per unit (approx. 40%) for every unit generated by a PV solar system, fed back to the grid then on sold to another consumer

By all standards, a 40% profit is a healthy profit and provides adequate allowance for network costs; hence, the current scheme is fair and equitable to both the PV solar consumers and Western Power

It would appear that the Western Australian Government was short sighted when it implemented a Feed In Tariff (FIT) of 40 cents per kW on previous FIT schemes, however, any repercussions resulting from that over-sight, should be borne by Western Power and/or the Western Australian Government. PV solar consumers should not be made to "foot the bill" as a result of government mismanagement.

Implementing a fixed charge on electricity consumers who have invested in microgeneration by installing a solar PV system, would be tantamount to discrimination. Consumers who have installed solar PV systems should not be penalised or treated inequitably.

Signed by: Marie L Jennings

Dated: 21<sup>st</sup> August 2013