

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

Resources, Energy and Tourism Portfolio  
Supplementary Budget Senate Estimates  
21 October 2009

**Question:** SR-9  
**Topic:** Feed-in tariffs  
**Proof Hansard Page:** E88

**Senator Minchin asked:**

**Senator MINCHIN**—In that same area, ministers agreed on a proposed work program regarding feed-in tariffs—as requested by COAG a consultant will be commissioned to undertake the work program with the report to be finalised and presented. I presume a consultant has been commissioned?

**Dr Morling**—It is a program that has been designated by COAG and there were four overarching principles plus two additional tasks given by COAG. I might get Mr Belt to read those out but essentially it is about the fair treatment of micro generation—small generation. It is not about premium feed-in tariffs. It is quite explicit that where jurisdictions decide to implement premium feed-in tariffs it is a matter for those jurisdictions. This course of work is about trying to get as much of the rest of any feed-in tariff regime standardised as much as possible across jurisdictions and to make sure those customers that have micro generation are treated as much as possible in as fair a manner as those who do not have micro generation. Would you like to add anything?

**Mr Belt**—No.

**Senator MINCHIN**—Is that a summary of the terms of reference for the consultants?

**Dr Morling**—Yes.

**Senator MINCHIN**—Is that a public document? Is it on your website?

**Mr Belt**—There was a document presented to the ministerial council which outlines the terms of reference for the consultant. I cannot remember off the top of my head whether that was made public or not.

**Senator MINCHIN**—Can you take that on notice?

**Mr Belt**—Certainly.

**Answer:**

The specific terms of reference for the consultant have not been made public. They were taken from and relate closely to the National Principles for Feed-in Tariff Schemes (Attachment A) and further actions as stated in the MCE Communiqué of 6 February 2009 (Attachment B).

COUNCIL OF AUSTRALIAN GOVERNMENTS MEETING

CANBERRA

29 November 2008

**National Principles for Feed-in Tariff Schemes**

*Micro renewable generation to receive fair and reasonable value for exported energy*

1. That Governments agree that residential and small business consumers with small renewables (small renewable consumers) should have the right to export energy to the electricity grid and require market participants to provide payment for that export which is at least equal to the value of that energy in the relevant electricity market and the relevant electricity network it feeds in to, taking into account the time of day during which energy is exported.

*Any premium rate to be jurisdictionally determined, transitional and considered for public funding*

2. That any jurisdictional or cooperative decisions to legislate rights for small renewable consumers to receive more than the value of their energy must:
  - a) be a transitional measure (noting that a national emissions trading system will provide increasing support for low emissions technologies), with clearly defined time limits and review thresholds;
  - b) for any new measures, or during any reviews of existing measures, undertake analysis to establish the benefits and costs of any subsidy against the objectives of that subsidy (taking into account other complementary measures in place to support small renewable consumers);
  - c) give explicit consideration to compensation from public funds or specific levies rather than cross-subsidised by energy distributors or retailers; and
  - d) not impose a disproportionate burden on other energy consumers without small renewable generation.

*MCE to continue to advance fair treatment of small renewables*

3. That the Ministerial Council on Energy (MCE) should continue to implement the regulatory arrangements for small renewable customers, consistent with the objectives of the relevant electricity legislation, whereby the:
  - a) terms and conditions for PV customers should be incorporated into the regulation of the minimum terms and conditions for retail contracts such that they are no less favourable than the terms and conditions for customers without small renewables;
  - b) connection arrangements for small renewables customers should be standardised and simplified to recognise the market power imbalance between small renewable customers and networks; and
  - c) assignment of tariffs to small renewable consumers should be on the basis that they are treated no less favourably than customers without small renewables but with a similar load on the network.

*FiT policy to be consistent with previous COAG agreements (particularly the Australian Energy Market Agreement)*

4. That the arrangements for PV consumers by the MCE and jurisdictions:

- a) should not deter competition for their business from electricity retailers in jurisdictions where there is full retail contestability and innovation in the tariff offerings available to PV customers;
- b) in relation to jurisdictions in the National Electricity Market, should not interfere with the regulation of distribution tariffs or operation of the national electricity market under the National Electricity Law or duplicate the regulatory arrangements that are part of that Law;
- c) should be subject to independent regulatory oversight according to clear principles; and
- d) should be consistent with implementation of other intergovernmental agreements relating to energy, competition policy or climate change.

**MCE Communiqué 6 February 2009**

Feed-in Tariffs

The MCE noted that COAG agreed at its 29 November 2008 meeting to a set of national principles to apply to new feed-in tariff schemes for renewable energy, and to inform the reviews of existing schemes. Ministers also noted that the COAG decision requires further action by the MCE and jurisdictions to advance the fair treatment of small renewables and to promote consistency in feed-in tariff policy with previous COAG agreements. The MCE requested that officials develop a work program to give effect to the COAG principles, for consideration at the next meeting.