



19 March 2012

Feed-in Tariff Arrangements and Barriers to Distributed Generation Inquiry
Victorian Competition and Efficiency Commission
GPO Box 4379
MELBOURNE Vic 3001

By email: feedintariff@vcec.vic.gov.au

Dear Mr Hepburn,

Re: Victorian Competition and Efficiency Commission: Feed-in Tariff Arrangements and Barriers to Distributed Generation Inquiry

Thank you for the opportunity to comment on the Victorian Competition and Efficiency Commission (VCEC)'s Inquiry into Feed-in Tariff Arrangements and Barriers to Distributed Generation (the Paper).

As an industry-based external dispute resolution scheme, the Energy and Water Ombudsman (Victoria) (EWOV) provides alternative dispute resolution services to Victorian energy and water consumers by receiving, investigating and facilitating the resolution of complaints. In making this submission, EWOV's comments are based on our experience in dealing with complaints about solar feed-in tariffs (FiTs) that come to us after the customer has been unable to resolve their complaint directly with their electricity retailer or distributor.

EWOV Solar Cases

Between 1 January 2011 and 31 December 2011, EWOV received 8,524 solar cases and registered 17,993 solar case issues¹. During this period, 21% of these cases - 1,805 cases and 3,229 issues - were about issues with the application of the Premium Feed-in Tariff (PFIT) and Standard Feed-in Tariffs (SFIT).

EWOV FiT case numbers escalated sharply from 1 September 2011 when the Victorian Government announced that the PFIT scheme would close to new applicants on 30 November

¹ Please note that a case can have more than one issue.

2011². Our case handling experience reveals a number of consumer concerns and considerations, about FiTs:

- Delays in the application of FiTs sometimes occurred because customers did not know that several forms needed to be completed.
- Incorrect or confusing information about the solar process, or about the billing of FiT, had often been provided to customers by their electricity retailer, distributor or solar installer.
- Delays and errors were frequent, with some customers missing out on PFiT because the electricity retailer or distributor:
 - lost paperwork - which caused delays in the completion of the solar process
 - delayed raising service orders or raised incorrect service orders
 - delayed completing service orders to upgrade or re-configure the meter
 - provided incorrect or untimely advice about eligibility, timeframes and requirements.
- When considering the purchase of a Solar Photovoltaic (PV) system, the following factors contribute to a customer's decision:
 - the ability to 'pay off' the PV system by receiving solar credits
 - the ability to decrease electricity costs
 - environmental sustainability considerations
 - the gaining of feed-in credits accrued by the long-term financial investment of a PV system.

Due to many solar customers missing the cut-off date of 30 November 2011 to receive PFiT, EWOV expected complaints to continue to increase into 2012. In November 2011 FiT cases account for 4.5% of all cases EWOV received. By January 2012, FiT cases accounted for over 7% of all cases EWOV received³.

Question 11: If there are changes to the current FiT arrangements what, if any, transitional arrangements should apply and to whom should they apply?

Based on our case handling experience, as outlined above, EWOV offers the following suggestions to help ensure that any changes to Victoria's FiTs is a smooth transition for solar customers.

EWOV would support a change in FiT eligibility criteria, to ensure customers who have submitted all correct paperwork by a nominated cut-off date are still eligible for their nominated FiT when the process has not been completed by the retailer or distributor.

As illustrated in Case Study 1, on page 3, some customers have experienced issues in receiving the PFiT on their accounts, even though all paperwork and meter upgrades were completed by

² There were 437 cases registered about the application of PFiT in September 2011 alone. Between September and December 2011, FiT cases accounted for nearly 5% of all cases EWOV received.

³ Based on cases received between 1 January and 31 January 2012.

the cut-off date. This was generally because the network tariff was not reassigned or due to retailer or distributor error or delay. By changing this eligibility criteria, it becomes the customer's responsibility to ensure that the appropriate action has been completed.

Case Study 1: Customer misses out on PFIT

The customer submitted all the required solar paperwork prior to the cut-off date of 30 September 2011. Soon after she received a bill without a solar rebate and immediately contacted her electricity retailer. Her electricity retailer initially advised that it had not received the required paperwork. Dissatisfied with the response, the customer made a complaint with EWOV. However, after the complaint was lodged, it was confirmed by the electricity retailer that all paperwork was sent. It was revealed that her electricity retailer had raised a service order to install a bi-directional meter, which occurred on 20 July 2011, but had raised an incorrect service order requesting SFiT instead of PFiT as the solar tariff. *EWOV is continuing to investigate this issue with the electricity retailer. It is unlikely that this customer will receive PFiT, even though this was a retailer error, as the scheme is now closed to new customers.* (C/2011/45790)

Any FiT scheme should be simple to manage and easy for customers, electricity retailers and distributors to understand. Above all, transparency is paramount. Access to correct and clear information will ensure that if existing FiT schemes are changed, a smooth transition occurs. As shown in Case Study 2 below, when customers receive incorrect advice it can result in costly mistakes.

Case Study 2: Incorrect advice provided about FiT eligibility criteria

The customer owns two properties and decided to place solar panels on his holiday home after his electricity retailer confirmed in writing that he will be able to receive PFiT credits for this property. However, after the panels were installed he received a PFiT form that stated eligibility required the residence to be the primary residence of the customer. The electricity retailer subsequently confirmed that he will not be able to receive PFiT credits for this property. As a result of EWOV's investigation, the electricity retailer paid the customer \$2,800 in recognition of providing incorrect information. (C/2011/5535)

EWOV also recommends the following:

- FiT rates and tariffs continue to be publicised, so that customers can compare offers and choose the best deal for their individual circumstances.
- The DPI website⁴ remains the hub of solar information. It is a centralised and trusted source of information for EWOV, customers, electricity retailers and distributors.

⁴ <http://www.dpi.vic.gov.au/energy/sustainable-energy/solar-energy/solar-energy-for-consumers/feed-in-tariffs>

- Well published and distributed tips about how to make the solar process as smooth and successful as possible for customers. For example, advice for customers to follow up with their electricity retailer to confirm receipt of paperwork and the status of the solar process. Additionally, recommending customers do not transfer their electricity account while waiting for the solar process to be completed.

EWOV notes that the Paper advises that VCEC may consider continuing existing FiTs, and 'when the Transitional Feed-in Tariff (TFiT) expires in five years (as intended) those customers would move onto the SFiT.'⁵ Currently, however, these two FiTs have different eligibility criteria. Customers who apply for TFiT must not have a PV system greater than five kilowatts (kW), and customers applying for SFiT must have a PV system greater than five kW but less than 100 kW. Based on this criteria, there are residential consumers who may miss out on receiving a FiT entirely as they do not meet the current criteria around the size of the PV System. This is one of the transitional issues that will need to be considered by VCEC.

We trust the above comments are helpful. Should you require further information or have any queries, please contact Belinda Crivelli, Senior Research and Communications Officer, on (03) 8672 4282 or at belinda.crivelli@ewov.com.au.

Yours sincerely



Cynthia Gebert
Energy and Water Ombudsman (Victoria)

⁵ Page 19 [http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/VCECFeed-inTariffIssuesPaperPDF/\\$File/VCEC%20Feed-in%20Tariff%20Issues%20Paper%20PDF.pdf](http://www.vcec.vic.gov.au/CA256EAF001C7B21/WebObj/VCECFeed-inTariffIssuesPaperPDF/$File/VCEC%20Feed-in%20Tariff%20Issues%20Paper%20PDF.pdf).