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Ref.: JD/AC

19 September 2012

Mr John Hall
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Mr Hall

QCA's Issues Paper – Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland

Ergon Energy Corporation Limited (EECL) and Ergon Energy Queensland Pty Ltd (EEQ), collectively referred to as Ergon Energy, appreciate the opportunity provided by the Queensland Competition Authority (QCA) to provide comments on the *Issues Paper – Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland* (the Issues Paper). This submission is provided by EECL in its capacity as a Distribution Network Service Provider and EEQ in its capacity as a non-competing area retail entity in Queensland.

Ergon Energy looks forward to providing continued assistance to the QCA in its investigation into the establishment of a fair and reasonable feed-in tariff for electricity generated from small scale solar PV generators and exported to the Queensland electricity grid. Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 4092 9813 or Trudy Fraser on (07) 3228 2144.

Yours sincerely

[redacted]

Jenny Doyle
Group Manager Regulatory Affairs

Telephone:
Email: [redacted]

Ergon Energy Corporation Limited
Ergon Energy Queensland Pty Ltd

Submission on the *Issues Paper – Estimating a Fair and Reasonable Solar Feed-in Tariff for Queensland*

Queensland Competition Authority

19 September 2012

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This submission, which is available for publication, is made by:

Ergon Energy Corporation Limited and Ergon Energy Queensland Pty Ltd
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1. INTRODUCTION

Ergon Energy Corporation Limited (EECL) and Ergon Energy Queensland Pty Ltd (EEQ) collectively referred to as Ergon Energy welcomes the opportunity to provide comments to the Queensland Competition Authority (QCA) on its Issues Paper – *Estimating a Fair and Reasonable Feed-in Tariff for Queensland* (the Issues Paper).

This submission is provided by:

- EECL, in its capacity as a Distribution Network Service Provider (DNSP) in Queensland; and
- EEQ, in its capacity as a non-competing area retail entity in Queensland.

Ergon Energy is available to discuss this submission or provide further detail regarding the issues raised, should the QCA require.

Ergon Energy is supportive of the Government's policy to encourage the uptake of renewable small-scale embedded generation. However, consideration of any policy should include consideration of all of the costs and benefits to ensure that the policy intent is met while not resulting in unintended costs. Ergon Energy therefore welcomes the QCA's investigation into identifying the net benefits/costs of solar PV exports to market participants (retailers and distributors), photovoltaic (PV) customers and non-PV customers.

Ergon Energy provides detailed responses to the questions asked by the QCA in section 4 of this submission. To aid the QCA, Ergon Energy considers it important to highlight the regulatory framework for EEQ. This is discussed in detail in section 2 of this submission. We also note that part of the QCA's investigation includes a specific focus on Ergon Energy's isolated network. In particular, the QCA has indicated that as part of its investigation the QCA has been asked to consider the benefit gained by customers, distributors and/or retailers from electricity produced in small scale solar (PV), for example in remotes areas of Ergon Energy's network where high energy supply costs may be offset, or the value to the distribution business of any network investment deferral in those networks. Our response to this part of the QCA's investigation is provided in section 3 of this submission.

2. Ergon Energy Queensland Pty Ltd

A key distinguishing feature of EEQ is that it is a non-competing retailer. This creates constraints for EEQ as it is prevented in legislation from offering market contracts. Section 55G of the *Electricity Act 1994* prevents EEQ from offering anything other than Notified Prices. Ergon Energy recommends that the QCA have regard to these arrangements when contemplating the structure of any retailer funded Feed-in Tariff (FiT).

EEQ currently does not offer a retail FiT to customers in addition to the Solar Bonus Scheme (SBS) that is accessible by eligible customers and paid by the distributor through the retailer to the customer. Further, EEQ does not offer any Power Purchase Arrangements (PPAs) for solar PV systems between 5.1kW and 200kW and may offer PPAs for any proposed installation that is greater than 200kW.

3. Ergon Energy's Isolated Networks

Ergon Energy supports the pricing of a fair and reasonable value for energy generated by small scale solar PV systems exported onto the isolated community networks of our Isolated Systems. Ergon Energy services 39 small and isolated communities in Western Queensland, the Cape York Peninsula and the Torres Strait Islands. Power in these communities is provided predominately by diesel fired power stations, connected to a distribution network. Ergon Energy owns 33 diesel power stations and each is connected to an isolated network with only 2 to 5 feeders, depending on the community.

The use of customer owned, small scale PV in these communities is encouraged as it provides the following benefits:

- Economic savings due to reduced diesel fuel consumption at the power station;
- A small potential for delays in the need to upgrade power stations due to reduced daytime load, which is when peak load occurs in a small number of the communities; and
- Environmental benefits due to reduced localised emissions and greenhouse gases.

As base load power is provided to the network by a diesel power station, there are certain technical limitations to the total amount of uncontrolled customer PV that can be installed across these distribution networks. The limiting factors are as follows:

- **Response to sudden loss of generation by PV systems –** When the sun is not available, the PV will not export electricity. Cloud cover can cause a sudden loss of generation from PV, in which case the diesel generators are required to respond rapidly to meet the system demand. There is limited ability of the power systems and the diesel generators to respond to the loss of intermittent generation and Ergon Energy sets technical limits on the amount of intermittent generation on a site by site basis.
- **Minimum loading on diesel generator -** By way of their design, diesel generators require a minimum loading to be placed on them to ensure the engine does not sustain irreversible damage. As the operation of customer owned solar PV in Isolated Systems requires the diesel generators to run in parallel, the minimum loading on the diesel engines must be considered when looking at the total size of the intermittent generators. Typically the minimum loading required on diesel generators to avoid long term damage is 30-40% dependant on the type of diesel engine being used. This condition requires Ergon Energy to limit the amount of intermittent generation on a site by site basis.

There are also technical limitations to the total amount of customer PV that can be connected to an individual distribution substation or low voltage feeder in an isolated community, similar to the technical limitations on the main grid. Customer PV applications in Isolated Systems all need to be technically assessed to ensure that they will not have an adverse effect on the electricity supply to the customer and neighbouring properties, or even the entire Isolated System for the community.

Ergon Energy believes that customer owned PV located on the customers premises should primarily be for the purpose of offsetting their own consumption and electricity costs with any excess energy valued at the energy cost allowed for the in the QCA's regulated retail Price Determination. This would ensure a more equitable and controlled roll out in these small communities and allow for the use of larger scale efficient grid connected alternative energy solutions to increase the value returned to the government via reduced Community Service Obligation. Ergon Energy recommends further discussions and investigation into an appropriate value and mechanisms which considers the following:

- The value should be set to ensure a cost benefit for the customer and a reduction in the cost to operate the Isolated Systems;
- Positive equitable outcomes for all Queensland customers so that any value that is assigned captures issues unique to Ergon Energy's Isolated Systems;
- The value assigned to the renewable energy should be dependent on the mechanism of implementation and longevity of the value; and

- Implementation mechanisms should consider options for metering of the customer PV generation. There may be issues with card operated meters which are used in the majority of the communities.

All small scale PV applications for connection of intermittent generation on the Isolated Systems will continue to undergo technical assessment to ensure they will not have an adverse effect on the electricity supply to the isolated communities.

4. TABLE OF DETAILED COMMENTS

QCA Question	Ergon Energy Comments
Fair and Reasonable Value for PV Exports - Defining Fair and Reasonable The Authority seeks stakeholders' views on the following: (a) How should the term fair and reasonable be interpreted? Should it be interpreted as a subsidy-free value that reflects the benefits to retailers of electricity generated from small-scale PV generators? If not, how should it be interpreted and why?	(a) Ergon Energy agrees with the intent of the QCA's interpretation of the term 'fair and reasonable' in that the FiT should only reflect the actual net benefits gained by the respective market participants. What constitutes the 'net benefits' referred to will inevitably vary between participants and for this reason, careful consideration needs to be given to an appropriate definition of such benefits. More specifically, Ergon Energy suggests that QCA should have regard for the fact that while benefits may exist for some market participants, costs may also exist for other market participants. For example, although a retailer receiving solar PV electricity would avoid purchasing that amount of electricity from the pool, their hedging costs may actually increase because solar PV is non-firm given its intermittent generation profile due to factors such as cloud cover, geographical dispersion and variable system performance. These factors could leave a retailer exposed to potentially high and unhedged pool prices, or needing to purchase additional hedge cover to manage this risk.
(b) Should the Authority include the benefits associated with PV exports to other parties (all customers and distribution entities) in setting the fair and reasonable value? Why?	(b) As referenced above careful consideration should be given to what constitutes the quantifiable benefits to various market participants associated with solar PV embedded generation. In the case of distribution entities, Ergon Energy considers that PV exports are not likely to lead to significant network costs savings and therefore savings to customers.

QCA Question	Ergon Energy Comments
(c) Are there any other issues that the Authority should consider in interpreting the term fair and reasonable value?	High take-up of solar PV has manifested in power quality issues. The main issues that result from connection of large or large quantities of Inverter Energy Systems (IES) are: • Voltage rise of the associated low voltage network; • Voltage imbalance caused by single phase IES connections; • System stability issues associated with the connection of IES to isolated networks; and • Potential for reverse flows into the high voltage network as penetrations increase. Ergon Energy also has concerns that future harmonic and possible protection issues may arise if high penetration levels continue. Referring to "all customers" is a misnomer; it is PV customers who are receiving a benefit. There are network customers who do not have solar PV connected and these non-PV customers form part of "all customers" who are funding the current SBS even though they receive no benefit. (c) In addition to the need to consider the costs and or benefits to all market participants, consideration should also be given to whether there are any broader social benefits and/or costs that are relevant.
<u>Fair and Reasonable Value for PV Exports - Estimating the fair and reasonable value of PV Exports</u> The Authority seeks stakeholders' views on the following: (a) Has the Authority correctly determined which costs a retailer can avoid when onselling PV exports?	(a) Ergon Energy considers that the Issues Paper does allow for the avoidance of wholesale energy costs. However, the paper does not consider that hedging costs could increase due to the peakier load profile developing from increasing solar PV penetration. Ergon Energy is concerned as there is no recognition of retailers needing, for example, to purchase financial caps to support solar PV generated electricity when cloud cover or other factors reduce solar PV injection during times of high pool prices.

QCA Question	Ergon Energy Comments
(b) Is it reasonable to use cost estimates from notified prices to determine the feed-in tariff? If not, which cost estimates should the Authority consider using?	(b) Ergon Energy does not consider that using the cost estimates from the Notified Prices is a reasonable method for determining the FiT. This assumes that a retailer would avoid all the elements that make up that cost estimate. In practice, the retailer will need to make an assessment of the non-firm intermittent nature of solar PV and still have in place electricity derivative contracts to manage this risk. Ergon Energy considers that the preferred outcome for a retailer is to determine their own FiT on a voluntary basis. It is arguable that retailers could use their FiT as a source of competitive advantage with customers selecting retailers that have the best suite of products and prices (including FiT) for that consumer. In saying this, Ergon Energy is aware of the restriction placed on EEQ via s55G of the *Electricity Act 1994.* In the absence of a market based approach for determining FiT, Ergon Energy welcomes contributing to the QCA's FiT price determination process.
(c) What proportion of distribution losses are avoided when PV exports are on-sold?	(c) While Ergon Energy has seen the number of small customers generating into our network increase exponentially over the last few years, the generation attributable to solar PV's still only represents approximately 0.4% of total energy delivered into the Ergon Energy distribution system, before losses. The remaining energy delivered into Ergon Energy's distribution system comprises of energy dispatched from Powerlink (approximately 84.1%) and other embedded generation sources (approximately 15.5%). This small amount of energy input into the distribution system relates to some 46,000 customers spread over a network covering over one million square kilometres. Accordingly, estimating a share of distribution losses that has actually been avoided as a result of PV export is extremely difficult to calculate. Nonetheless, if one was to assume all energy export into the distribution system from PVs is completely offsetting the total energy that needs to be dispatched into the supply network from Powerlink, then based on 2011-12 billed sales data for the total Ergon Energy system, the apparent distribution losses could have been reduced by approximately 0.02%. Given the negligible impact, Ergon

QCA Question	Ergon Energy Comments
	Energy questions what additional value is added to the QCA considerations of avoided costs by having regard for distribution losses.
(d) Is it reasonable to split retail margin and headroom between the retailer and the PV exporter? What are some of the considerations in providing a greater proportion of the costs to either party?	(d) Ergon Energy does not consider that it is reasonable to split the margin and headroom between the retailer and PV exporter. Currently the retailer receives this margin and headroom. Solar PV electricity is an alternate source of electricity for the retailer. If that alternate source was another type of generator seeking a PPA there would be no consideration of the retailer foregoing its sales margin. Market competition without regulatory intervention should be considered. Some retailers might be prepared to forego a portion of their sales margin to win customers and sales volume. Customers should be afforded the opportunity to choose the best purchase tariff/FiT combination from the retailers in the market, based on customer preference and retailer innovation. This approach could effectively see the market retailer use a portion of their margin or headroom to provide a competitive offer to the end-user. Finally, Ergon Energy recommends that the QCA note that in assessing the retail margin, it is important to consider that a retailer will forgo a margin as a result of reduced energy sales to a customer, while still incurring costs to manage the customer's account.
(e) Is it fair and/or reasonable to have different FIT based on geographical locations in a market with the Uniform Tariff Policy in place? What are some of the benefits or complications of creating geographically based FIT?	(e) EEQ considers that a retailer will see no short term benefit for having a geographically based FiT. EECL considers that having different FiTs in different geographical areas of Queensland will be more complex to administer and may impose additional costs on both DNSPs and retailers. Specifically, if more tariffs are introduced, this will require an update to billing systems and tariff codes to implement any QCA recommendations. As part of any move to differentiate the FiT based on geographical locations, Ergon Energy suggests that the QCA would need to consider substituting Energex's network costs with EECL's where appropriate .In doing so, it may also be necessary to reconsider the value of the other

QCA Question	Ergon Energy Comments
	avoidable costs originally intended to be considered as part of setting the FiT. Ergon Energy also refers you to our comments in section 3 of this submission, Isolated Networks.
(f) What other issues should the Authority consider in determining the fair and reasonable value of PV exports.	(f) Ergon Energy has no additional issues to raise as we agree with the QCA's position that unavoidable costs such as network costs, green scheme costs and that the cost to serve costs should not be included in estimating a fair and reasonable FiT.
Implementing a Fair and Reasonable Tariff for PV Exports - Form of Regulation The Authority seeks stakeholders' views on the following: (a) What form of regulation should be applied when implementing a fair and reasonable feed-in tariff in Queensland? Alternatively, should the fair and reasonable tariff be determined by market competition alone, without regulatory intervention?	(a) Ergon Energy is of the view that market competition without regulatory intervention should be considered. Under this approach customers would have the freedom to choose the best purchase tariff/FIT combination from the retailers in the market, based on customer preference and retailer innovation. However Ergon Energy notes from a social policy perspective that there may be equity issues associated with the above approach as retail competition is not mature in regional Queensland, where some form of regulatory intervention may be required.
(b) Which regulatory approach is most appropriate to support competition in the Queensland electricity market, while recognising the need for certainty for small PV system owners?	(b) As stated in sub-paragraph (a) above, the level of regulation appropriate is inherently dependent on the maturity of the particular retail market. Consequently, a light-handed form of regulation may be most appropriate in South East Queensland, where market competition is strong, whereas in the less mature retail markets of regional Queensland, a more prescriptive regime may be necessary to protect customer interests.

QCA Question	Ergon Energy Comments
(c) What evidence is available of the number of solar PV customers receiving voluntary feed-in tariff premiums in Queensland? Does the level of these tariffs represent a fair and reasonable value for the electricity exported by solar PV customers?	(c) Ergon Energy is aware that some retailers do offer a voluntary FiT premium in Queensland. However, in view of the relatively large proportion of installations in respect of which the customer is not receiving a voluntary premium from their retailer, it is arguable that the generous FiT payable to most customers has limited the requirement for retailers to do so in a competitive market.
(d) What, if any, specific arrangements might be required when implementing the fair and reasonable feed-in tariff in the Ergon Energy distribution area? In particular, should different forms of regulation be used in the Energex and Ergon Energy network areas?	(d) Except in relation to our previous comments regarding the impacts of a geographically based FiT, Ergon Energy generally supports a framework that does not introduce different forms of regulation for Energex and Ergon Energy's distribution areas. However, in considering whether to regulate a FiT in the Ergon Energy distribution area it is important to consider how the FiT will impact on the Government budget. Any mandated FiT that overestimates the net benefits to the retailer will have an inflationary impact on the Community Service Obligation, as the Government subsidy which supports the Government's uniform tariff policy. There is a large and fundamental difference between implementing solar in a grid area with a relatively high usage density to a more sparse area. This should be thought of as a difference in density even within Ergon Energy's area, not just a difference between Ergon Energy and Energex. Ergon Energy recognises that the competitive element between retailers that will exist in the Energex area might not exist in the Ergon Energy area depending on future structural arrangements. However, Ergon Energy's view is that it would still be possible for Ergon Energy to determine a suitable voluntary market based FiT. This tariff could be compared to those in the Energex area.
(e) Are there any other factors (besides the competitiveness of the retail electricity market) that the Authority should consider in determining an appropriate form of regulation to apply in Queensland?	(e) Any regulatory outcomes should not result in additional costs that may be incurred by customers. There should be sufficient transparency in terms of choice for customers.

QCA Question	Ergon Energy Comments
<u>Implementing a Fair and Reasonable Tariff for PV Exports - Metering Arrangements</u> The Authority seeks stakeholders' views on the following: (a) Is a net or gross metering arrangement most appropriate in Queensland, and why?	(a) Ergon Energy supports customers having a choice of energy source and considers that a net metering arrangement best provides this choice for small scale solar PV. As solar PV feed-in rates are now substantially less than the retail tariff, owners of these systems will seek to manage their household electricity usage to match their solar PV generation. This will effectively appear as a reduction in sales volume for retailers and for distribution networks. This means that the largely fixed costs of the network will need to be recovered from a smaller sales base. This could be offset by considering higher fixed charges in network tariffs or capacity based network tariffs. This modified behaviour of small solar PV owners with the lower FiT and a net metering arrangement is likely to result in less solar PV exported to the grid. This will result in reduced negative impacts on the network. In considering whether a net or gross metering arrangement is appropriate in Queensland, regard must be had to the significant costs that will be incurred in changing from net to gross metering. Ergon Energy therefore does not support a gross metering arrangement.
(b) Are the benefits to retailers different under net and gross metering arrangements?	(b) Ergon Energy refers to comments in sub-paragraph (a) above.
(c) Are there any other factors the Authority should consider when recommending an appropriate metering arrangement?	(c) Ergon Energy currently has in excess of 50,000 IES meters installed that have a net metering program. Ergon Energy is continuing to install more IES compliant meters to meet customer demand. In the event that a recommendation is made to change the metering arrangements from net to gross, the consequences Ergon Energy envisages include are: • All existing single element (measure flow in and out) IES meters would need to be changed and an extra meter would have to be installed at

QCA Question	Ergon Energy Comments
	two element IES sites (Approximate total cost $15 million). All changes will require customer outages; • Where an extra meter is required to be installed some customer funded rewiring will be required and some meter panels will not have enough space for the extra meter and will have to be upgraded at the customer's cost; • For larger sites with current transformer metering, to allow a gross metering system may require a significant upgrade of meter panel and the meter chamber due to the installation of an additional meter and current transformers at a cost to the customer; and • Any other variations to the current solar tariff will usually require replacement of the meter or reprogramming of the existing meter. Introducing a combination kWh and basic kW tariff (preferably kVA if kVA capable meters were considered) and having tariffs with capacity charging for import and export as well as an energy charge could provide a fairer reflection of costs incurred for use of the network, import and export and the volume of electricity consumed. This would require a broader assessment.

<table>
<tr><th>QCA Question</th><th>Ergon Energy Comments</th></tr>
<tr><td><u>Implementing a Fair and Reasonable Tariff for PV Exports – Review of the Fair and Reasonable value</u>

The Authority seeks stakeholders' views on the following:
(a) How often should the fair and reasonable value be reviewed or updated?

(b) Should the Authority recommend a flexible review mechanism which allows updating the value in response to relevant changes and developments?

(c) If a flexible review mechanism is recommended, what criteria should be applied when deciding if an update to the value is necessary?

(d) What are the implications for the current review of a potential transition to a national feed-in tariff established through COAG processes?</td><td>Ergon Energy considers that a voluntary market based FiT can be monitored and compared by the QCA. Regulatory intervention should only be necessary if the market based approach does not deliver fair and reasonable tariffs for PV exports. This could be assessed annually in line with the setting of regulated retail tariffs.

Under a flexible review mechanism, Ergon Energy considers that regard should be had for the following variables in deciding if an update to the value is necessary:
• pool price;
• regulated tariff;
• percentage of overall load used for host load; and
• Detachment of cost and revenue drivers from local market (Noting that this may preclude a market based approach for determining the FiT).</td></tr>
<tr><td><u>Ongoing Costs of Solar Bonus Scheme – higher than expected costs for QLD distribution businesses</u>

To estimate the updated costs of the Solar Bonus Scheme, the Authority seeks the advice of Ergon Energy and Energex on the following issues:

(a) Forecast new connections and PV exports under the 8 cent per kWh Scheme and direct tariff payments for 2012-13 through to 2015-16;</td><td>(a)
<table><tr><th></th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr><tr><td>New Connections</td><td>13105</td><td>36452</td><td></td><td></td></tr><tr><td>PV exports (electricity (kWh)</td><td>2,243,359</td><td>10,690,458</td><td>7,532,737</td><td>7,532,737</td></tr><tr><td>Direct Tariff Payments</td><td>$126,720</td><td>$1,749,696</td><td>$0</td><td>$0</td></tr></table></td></tr>
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<table>
<tr><th>QCA Question</th><th>Ergon Energy Comments</th></tr>
<tr><td>(b) Forecast connections and PV exports under the 44 cent per kWh Scheme and direct tariff payments for 2012-13 through to 2015-16; and

(c) any other information the distribution businesses or other parties consider relevant to this task.</td><td>(b)
<table><tr><th></th><th>2012-13</th><th>2013-14</th><th>2014-15</th><th>2015-16</th></tr><tr><td>New Connections</td><td>30843</td><td>0</td><td>0</td><td>0</td></tr><tr><td>PV exports (electricity kWh)</td><td>119,863,658</td><td>151,391,830</td><td>142,900,616</td><td>134,183,678</td></tr><tr><td>Direct Tariff Payments</td><td>$63,731,082</td><td>$67,532,350</td><td>$64,860,271</td><td>$60,833,997</td></tr></table>
Assumptions and Qualifications used to forecast data provided in response to questions (a) and (b):
• New Connections means that Ergon Energy has received the Form A by 30 June 2013. Note that some connections may have meters installed after 30 June 2013 depending on the date that the Form A is lodged.
• Expect that 3500 import/export meters will be installed per month, with 2800 being installed in the months of December and January due to storm season and holiday leave.
• 8c/kWh tariff will expire on 1 July 2014 for all new and existing customers. Accordingly, the estimated exported volume for 2014-15 and 2015-16 from systems previously on the 8c tariff are included for completeness but will not contribute to FiT costs.
• Account holder names will continue to be changed at the rate of 6.1% of IES Agreement holders per year.
• The volume of kWh exported from systems only eligible for the 8c/kWh tariff is difficult to estimate as there are no precedents and many variables to consider.
• Figures do not include FiT credits calculated and applied to the account manually. This currently occurs in a small volume of cases but could increase due to meter delays.

(c) Ergon Energy provides no comments.</td></tr>
</table>

QCA Question	Ergon Energy Comments
Ongoing Costs of the Solar Bonus Scheme – Equitable sharing of Scheme costs The Authority seeks stakeholders' views on the following: (a) What factors should the Authority consider to ensure the costs of the Solar Bonus Scheme are equitably distributed?	(a) Ergon Energy considers that equity can be achieved by ensuring that the beneficiaries of exported solar PV are funding the costs of the SBS. Ideally, competitive market drivers should allow retailers to determine their own value. Retailers should view solar PV as a competing source of electricity generation, against other more established sources with its own set of risks and benefits.
(b) Is it appropriate for retailers to contribute to the ongoing costs of the existing Solar Bonus Scheme? If so, how should that contribution be estimated?	(b) It is reasonable that retailers contribute to the ongoing costs of the existing SBS. This is because retailers are receiving a benefit. Ergon Energy recommends a voluntary market based approach.
(c) Are there any other issues that the Authority should take into account in setting an appropriate retailer contribution to the Solar Bonus Scheme?	(c) Ergon Energy provides no comments.
(d) What other options should the Authority consider for minimising the costs of the existing Solar Bonus Scheme?	(d) Ergon Energy considers that the simplest option in managing many of the existing network issues as a consequence of the SBS is the movement away from a the current FiT where the distributor pays the customer via the retailer, towards encouraging customers to generate and use their electricity within their own premises, rather than exporting to the distribution network. If managed correctly, and matched with some appropriate tariffs and/or basic home automation, this has the potential to reduce network peak load, as well as allowing customers to connect an IES at their premises. It will move towards a more sustainable PV model for both customers and utilities.