Queensland Competition Authority

Solar feed-in tariff 2025-26

Final determination

June 2025

Contents

1 About our review

Each year, we set a flat-rate solar feed-in tariff (FiT) for regional Queensland. This solar FiT reflects the savings retailers achieve by getting electricity from solar customers instead of buying it from the National Electricity Market (NEM).

In December 2024, the Treasurer, Minister for Energy and Minister for Home Ownership (the Minister) directed us to set a flat-rate solar FiT for 2025–26.[1] The Minister also asked us to set regulated retail electricity prices (notified prices).[2]

We set the solar FiT using a well-established framework, based on factors in the Electricity Act and matters in the direction (Box 1). This year, we have also incorporated new information to improve our solar FiT estimate.

This determination outlines key elements of our approach and the solar FIT to apply from 1 July 2025.

Box 1: Our assessment framework

When we set the solar FiT, the Electricity Act requires us to consider:

- the effect of the solar FiT on competition in the Queensland retail electricity market
- any other matters in the Minister's direction.

The Minister's direction gives us specific matters to consider, such as:

- the pricing methodology – we must use the 'avoided cost' methodology (used since 2014–15)
- arrangements for Origin Energy's retail services to Queensland customers connected to the Essential Energy network
- any other matter the QCA considers relevant.

1.1 Our approach

We have set the solar FiT using the avoided cost methodology, which estimates the solar FiT based on the costs a retailer avoids when sourcing energy from household solar PV customers.

This year, we have refined our approach to incorporate solar export data now available. Our estimates are based on:

[1] The direction was issued in accordance with s 93 of the *Electricity Act 1994* (Qld). The direction, including the terms of reference, is provided on our website.
[2] Further information on the electricity prices review is available on our website.

- the wholesale electricity costs (WEC) a retailer avoids when sourcing electricity from its solar PV customers, accounting for the impact of solar exports (see section 3.1)
- other energy costs a retailer avoids, such as NEM management fees, ancillary services fees and energy losses (see section 3.2).

Additionally, we must also consider:

- **the effect of the solar FiT on competition in the Queensland retail electricity market** – in particular, whether a mandatory solar FiT set above Ergon Retail's avoidable costs could discourage non-subsidised retailers from competing in regional Queensland
- **arrangements for customers on the Essential Energy network** – who are supplied by Origin Energy at notified prices, similar to how Ergon Retail supplies customers throughout the rest of regional Queensland.[3]

Table 1 describes how we have regard to these matters when setting the solar FiT.

Table 1: Additional matters

Matter	Outcome
Competition considerations	We have based the solar FiT on the Energex Distribution region. This enables us to incorporate solar export data for small customers and update our method to: • better reflect the value of solar exports to retailers (see chapter 3) • produce a lower solar FiT that is less likely to inhibit competition. In previous reviews, we used the Ergon Distribution east zone (transmission region one), as it was the region with the lowest cost of supply connected to the NEM.
Arrangements for Queensland customers on the Essential Energy network	This solar FiT applies across regional Queensland to customers in the Ergon Distribution region and the Essential Energy network.[a]

a Section 92 of the Electricity Act defines the solar FiT as an amount that must be credited by a prescribed retailer – that is, Ergon Retail and Origin Energy (only for Queensland customers on the Essential Energy network) – to a qualifying customer for each unit of electricity that is produced by a small PV generator and supplied to the network.

1.2 Final determination

This year, customers in regional Queensland can expect a decrease in the solar FiT compared to last year, better reflecting the value of rooftop PV exports to retailers for customers with advanced digital meters (ADMs). We have calculated the solar FiT having considered relevant factors in the Electricity Act, the Minister's direction, stakeholder submissions[4] and our own analysis.

1.3 Supporting information

Supporting information on our website includes:

- a fact sheet, which gives an overview of key issues for setting the solar FiT this year

[3] Like Ergon Retail, Origin Energy loses money supplying these customers at notified prices, which are lower than the actual cost of supply. To make up for this loss, the Queensland Government provides a subsidy.
[4] We received 4 submissions over the course of our review, which are available on our website.

- the Minister's direction and terms of reference
- additional information in the appendices
- information on our review of notified prices, including ACIL Allen's report on energy costs.

Important note to customers

Customers should not expect the solar FiT to stay the same in future when deciding whether to install or upgrade PV systems.

The solar FiT is updated annually based on energy cost changes, which can change due to various local and global factors as well as new information.

1.4 Human Rights Act declaration

While our decision is economic in nature, the *Human Rights Act (Qld)* requires us to consider human rights that may be affected by our determination of notified prices. We consider that our decision does not give rise to a limitation of any right under the Human Rights Act.

2 Solar FiT

We estimated a solar FiT of 8.66 c/kWh for regional Queensland in 2025–26, which is about 30% lower than the 2024–25 solar FiT.

The solar FiT is based on our estimate of the costs a retailer avoids when sourcing energy from solar PV customers. This year, the solar FiT has decreased due to lower wholesale energy costs. This primarily reflects the reduced value of solar export energy to retailers during the day (Table 2 and Figure 1).

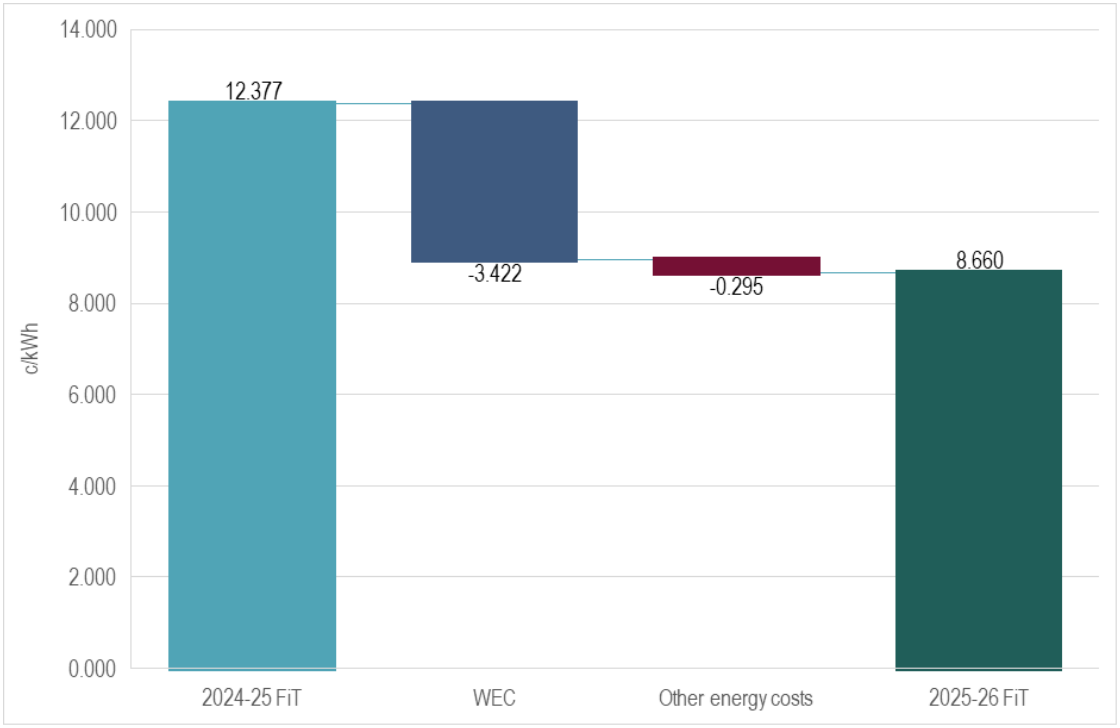
The solar FiT is at the higher end of the range of FITs in other jurisdictions, which have generally fallen over time, reflecting the decreasing value of solar energy to retailers in the broader market (see Appendix B for a comparison of our FiT with those in other jurisdictions).

Table 2: Solar FiT for regional Queensland, 2024–25 and 2025–26

Avoided costs	Feed-in tariff (c/kWh)		Change	
	2024–25	2025–26	c/kWh	%
Wholesale energy costs	11.453	8.031	–3.422	–29.9
Other energy costs	0.924	0.629	–0.295	–31.9
Feed-in tariff	**12.377**	**8.660**	**–3.717**	**–30.0**

Note: Estimates exclude GST. Totals may not add exactly due to rounding.
Source: ACIL, *Estimated energy costs*, final report prepared for the QCA, May 2025; QCA calculations.

Figure 1: Changes in solar FiT, 2024–25 to 2025–26



Note: Estimates exclude GST. Totals may not add exactly due to rounding.
Source: ACIL, *Estimated energy costs*, March 2025; QCA calculations.

3 Avoided cost estimates

Our estimated solar FiT reflects the wholesale energy and other energy costs a retailer avoids when sourcing electricity from solar customers.

3.1 Wholesale energy costs

Retailers meet their customers' energy needs by sourcing energy from both the NEM and solar exports from household customers with solar PV systems. When retailers source energy from solar exports, they avoid certain costs.

The main cost element retailers avoid is associated with buying wholesale energy from the NEM. To date, we have based our estimate of these costs on the WEC that we use to set notified prices – that is, we used the estimated WEC for notified prices to set the avoided WEC for the solar FiT.

As a result, determining the avoided WEC has been straightforward. As we set the direct financial costs retailers incur when purchasing energy from the NEM (i.e. the estimated WEC included in notified prices), we have used this to set the avoided WEC for the solar FiT. We estimate the WEC having regard to:

- **wholesale energy spot prices** – considering supply factors, demand changes and the way generators bid in the market. Of relevance, we consider both the net system load profile (NSLP), which measures demand from the NEM for customers on accumulation meters, and the ADM profile, which measures demand from the NEM for customers with ADMs, to reflect customer consumption patterns. Since 2024–25, and in our final determination on notified prices for 2025–26, we have considered new data on demand from solar exports in the ADM profile
- **retailers' hedging strategies and contract prices** – estimated using a model to simulate the WEC for a retailer managing spot price risk through (publicly available) ASX Energy contracts.

However, when considering avoided costs, retailers also account for the cost impact of solar exports on the market. The presence of solar exports reduces the amount of demand met by the NEM during the day (when solar is available), creating a peakier demand profile. This profile is more costly for retailers to hedge and increases their contracting costs, everything being else equal.[5]

Based on the information now available, we have estimated and excluded some of the costs that solar exports impose on retailers when we set the 2025–26 notified prices.[6]

We have also accounted for these costs when setting the solar FiT– that is, those costs associated with solar exports that are identifiable in the ADM demand profile (solar exports cannot be identified in the NSLP).

[5] In general, retailers will alter their contract portfolio to contain more cap contracts. There will also tend to be more instances during the day when retailers are over-hedged.

[6] This lowered the estimated WEC included in notified prices by removing some of the cost impacts able to be identified. See chapter 4 of the 2025–26 notified prices final determination. We note that a consistent approach was taken for the 2024–25 notified prices.

Box 2 summarises the three key steps that explain our refined method for estimating and accounting for the cost of solar exports in the ADM data. For more detailed information, see ACIL's report.[7]

Box 2: Calculating the solar FiT

Our revised method for calculating the solar FiT involves three key steps:

- **Step 1: Estimate the WEC of the NSLP** – like the past approach, we estimate the WEC for energy from the NEM based on the NSLP profile (WEC_{NSLP}). This WEC estimate is used to reflect the costs a retailer avoids when sourcing solar exports from households on accumulation meters.

  For 2025–26, this estimate is $155.47/MWh.

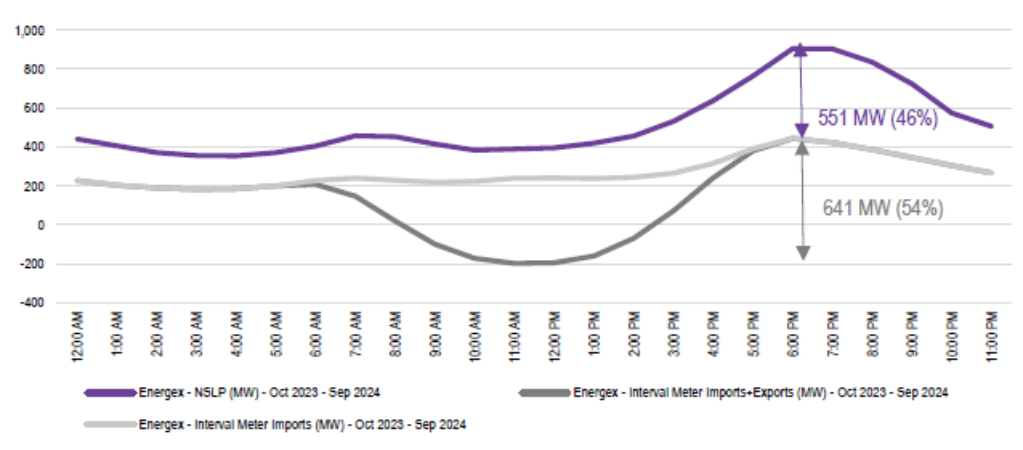
- **Step 2: Estimate the WEC of the solar exports** – the WEC of the exports (WEC_S) cannot be observed directly. However, it can be derived by calculating the difference in the cost of energy based on total demand (i.e. NSLP + ADM data including solar exports) and net demand (i.e. NSLP + ADM data excluding solar exports). For more details, see Appendix A.

  For 2025–26, the value of the exports (per unit) from the ADM data is $16.29/MWh.

- **Step 3: Estimate the (weighted average) solar FiT –** we use the relative volumes of exports arising from the NSLP and ADMs (see Figure 2) to weight the WEC estimates from the two sources of exports:

  $155.47(46%)+$16.29(54%)=$80.31/MWh

For 2025–26, the value of the WEC component of the solar FiT is $80.31/MWh, or 8.031 c/kWh. For more details, see Appendix A.



Source: ACIL, *Estimated energy costs*, final report, May 2025, p 64.

We consider that refining our approach to estimating the WEC, though introducing some complexity, is preferable as it allows us to set a solar FiT that better reflects the underlying value of

[7] ACIL, *Estimated energy costs*, final report prepared for the QCA, May 2025, pp 62–64.

avoided costs. That is, it recognises that retailers discount the financial benefit they receive from the avoided wholesale energy cost to account for these additional costs (e.g. the incremental increase in their hedging costs).

A regional Queensland customer did not support lowering the solar FiT and said our decisions should support the broader community, including people struggling with cost pressures.[8]

Origin Energy (Origin) and Ergon Retail, on the other hand, generally supported the inclusion of solar export data in our estimates but raised broader concerns with our overall approach to setting the WEC and the resulting high solar FiT rate:

- Origin said our approach likely overstates the avoided costs to a retailer, which in turn could impede competition. Origin recommended that we:
  - reflect the value that small-scale solar PV customers would receive if they were a generator and their exports were sold into the wholesale spot market at the time of export, as is done in other jurisdictions
  - use available solar export data (which encompasses a large cohort of customers on ADMs) to calculate a WEC that more accurately represents the actual wholesale energy costs to a retailer for solar exports during the day.[9]
- Ergon Retail said a lower average competitive FiT in south-east Queensland better reflects the real avoided costs received by a retailer during solar export hours.[10]

Having considered stakeholders' comments, we consider our approach remains appropriate because it:

- uses solar export data where available
- ensures the retailer does not earn an above normal profit (or incur losses), as we use data consistently in setting notified prices and the solar FiT.

By incorporating the solar export data available, we have accounted for the value of around 54% of solar exports in the market, at the time of day these exports occur. However, at present, solar export data is only available for customers with ADMs, while a significant portion of the customer base remains on accumulation meters (around 46% of solar exports). As a result, the lower value of solar exports (i.e. the value associated with ADMs) is only partly reflected in the solar FiT we have set (i.e. the weighted approach used is set out in Box 2). Therefore, our approach will continue to produce a higher solar FiT than would be the case with 100% penetration of ADMs (and, depending on the strategy employed by a competitive retailer, may produce a higher solar FiT than that seen in competitive markets).

Our approach continues to ensure the retailer's expected revenue is aligned with the costs of purchasing energy from the NEM and paying the solar FiT to customers – that is, ensuring the retailer does not earn an above normal profit (or incur losses) as a result of its pricing arrangements (maintaining a 'zero-profit condition').[11]

We acknowledge there are alternative methods for setting the solar FiT, including those used in other jurisdictions, that produce FiTs within a broad range of 0.04 c/kWh and 12 c/kWh.[12] However, we consider our approach of estimating a 'weighted' FiT (i.e. by incorporating the exports from the

[8] J Hempenstall, sub 4, p. 1; S Girgenti, sub 2, p. 1.
[9] Origin Energy, sub 3, p 2.
[10] Ergon Energy Retail, sub 1, p 4.
[11] When estimating the WEC for notified prices, we include the demand from the solar exports for the ADM profile – which has the effect of removing some (but not all) of the costs that solar exports impose on the market from notified prices (bringing prices down).
[12] see Appendix B.

NSLP) remains appropriate for the reasons discussed previously. We will progressively incorporate additional export data as it becomes available.

Movements in the solar FiT and notified prices

Some stakeholders have asked why our estimate of the solar FiT does not mirror movements in retail electricity prices.[13] For example, given our 2025–26 determination forecasts an increase in notified prices, the question arises of why the solar FiT is not increasing as well.

The solar FiT reflects only one component of electricity costs – specifically, the costs a retailer avoids when customers export solar energy to the grid. It does not represent the full retail price paid by consumers, which is considerably more.

Retailers only avoid some of their normal business costs when sourcing electricity from rooftop solar systems, most notably wholesale energy costs. Retailers continue to incur other costs, such as network charges and retail operating expenditure.

While notified prices are expected to increase this year, this is largely driven by an increase in network costs, which are not avoided when solar is exported. At the same time, wholesale energy costs, which are the main avoided cost, are forecast to decrease for small customers, resulting in a decrease in the solar FiT.

Additionally, improvements to our approach for estimating the WEC (discussed above) have allowed us to better reflect the value of solar exports in the market. This has led to a further decrease in the FiT this year, relative to last year.

Avoided wholesale energy cost estimate

We have estimated an avoided WEC for the solar FiT of 8.031 c/kWh for 2025–26, which reflects a 29.9% decrease from last year (11.453 c/kWh).

3.2 Other avoided energy costs

The key factor driving the solar FiT is the avoided WEC, but there are other energy costs that retailers avoid when getting electricity from solar PV customers instead of the NEM. For example, retailers can:

- avoid paying fees based on how much energy they buy from the NEM, such as NEM management fees and ancillary services charges
- largely avoid costs associated with transmission and distribution losses when they avoid having to transport energy over long distances.[14]

[13] S Girgenti, sub 2.
[14] As solar PV systems tend to be in residential areas, and electricity (when exported to the distribution grid) typically travels to the closest household/small business where electricity is demanded, energy losses are avoided.

We estimate the other avoided energy costs based on the cost information (estimated by ACIL) used for setting notified prices. Table 3 explains how we take these factors into account when setting the solar FiT, in line with past reviews.

Table 3 Other avoided energy cost components

Avoided costs	Description	Cost estimation approach
NEM fees	The costs to the Australian Energy Market Operator (AEMO) for operating the NEM.	Based on the AEMO 2025–26 draft budget report. Only variable charges are considered avoided energy costs.[a]
Ancillary services	The costs of services used by AEMO to maintain power system safety, security and reliability.	Based on the average historical costs from the past 52 weeks, published by AEMO.
Value of avoided energy losses	The cost to retailers of purchasing more energy than they need to meet demand due to energy losses.	Based on multiplying the avoided WEC, NEM management fees and ancillary services fees by the network loss factor.

a Fixed charges are not considered an avoided cost as they do not vary with consumption.

Other avoided energy costs estimate

We have estimated the avoided other energy costs to be 0.629 c/kWh, which is 31.9% lower than last year (0.924 c/kWh). This primarily reflects a decrease in avoided losses associated with the reduction in WEC.

Appendix A: Method updates

A.1 Estimating the value of solar exports from ADMs

As discussed in section 3 of the main report, we can now identify the demand satisfied by solar exports in the ADM profile. This allows us to estimate the value of solar exports within the ADM profile, which we have done this year when setting the solar FiT.

Retailers source energy for their customers from both the NEM and household solar exports. Given this:

$$\textbf{Retailer's total cost of energy} = \textbf{cost of energy from the NEM} + \textbf{cost of solar exports}$$

The costs depend on both price[15] and quantity and can be written as:

$$WEC_T \times Q_T = (WEC_N \times Q_N) + (WEC_S \times Q_s)$$

Where:

Q_T = the total demand (from the NEM and exports)
Q_N = demand from the NEM
Q_S = demand satisfied by exports
$Q_T = Q_N + Q_S$

To date, we have estimated the cost of energy from the NEM by estimating WEC_N for demand satisfied by the NEM.

In 2024–25, and in our 2025–26 notified prices, we were able to identify the demand satisfied by solar exports from the ADM profile. This allowed us to also approximate the total cost of energy, estimating WEC_T for demand satisfied by the NEM plus demand satisfied by solar exports from the ADM profile.[16]

The difference between the total cost of energy and the cost of energy from the NEM is the value of solar exports within the ADM profile:

$$WEC_T \times Q_T = (WEC_N \times Q_N) + (WEC_S \times Q_s)$$

$$WEC_S \times Q_S = (WEC_T \times Q_T) - (WEC_N \times Q_N)$$

The value on a per unit basis is given as:

$$\frac{WEC_S \times Q_S}{Q_S} = \frac{(WEC_T \times Q_T) - (WEC_N \times Q_N)}{Q_S}$$

$$WEC_S = \frac{(WEC_T \times Q_T) - (WEC_N \times Q_N)}{Q_S}$$

A simple worked example is provided in Box 3.

[15] The price of energy from the NEM will be the hedged wholesale energy cost. The price of solar exports will reflect the value derived for solar exports used to set the solar FiT (retailers must pay customers the solar FiT for energy they export).
[16] WEC_T will only be an approximation, as continued data limitations prevent us from being able to consider demand satisfied by solar exports in the NSLP.

Box 3: Worked example

Suppose a retailer needs to supply 10 units of energy to its customers:

- 8 units are sourced from the NEM
- 2 units are sourced from solar exports.

Assume the hedged WEC for energy from the NEM (WEC_N)=\$10 and the hedged WEC for total energy is WEC_T=\$9.

Using this information, we can solve for WEC_S using the preceding equation:

$$WEC_T \times Q_T = (WEC_N \times Q_N) + (WEC_S \times Q_s)$$

$$WEC_S \times Q_S = (WEC_T \times Q_T) - (WEC_N \times Q_N)$$

$$\frac{WEC_S \times Q_S}{Q_S} = \frac{(WEC_T \times Q_T) - (WEC_N \times Q_N)}{Q_S} = \frac{(\$9 \times 10) - (\$10 \times 8)}{2}$$

$$WEC_S = \$5.$$

A.2 Calculating the solar FiT

In Box 2 of the main report, we set out the estimate of the (weighted average) solar FiT using the relative proportion of exports arising from the NSLP and ADM demand profiles.

The relative volume of exports is the difference between the minimum and maximum of the average time-of-day profile for the NSLP and the combined profile data (i.e. NSLP + ADM data excluding solar exports). The estimates of these volumes are respectively 551 MWh and 641 MWh.

We use the relative volumes to weight the estimates of the WEC from the two sources:

$$\$155.47\left(\frac{551}{551+641}\right) + \$16.29\left(\frac{641}{551+641}\right) = \$80.31/\text{MWh}.$$

This is equivalent to 8.031 c/kWh, which is the wholesale component of the 2025–26 solar FiT (see Table 2 of the main report).

Appendix B: Solar FiT in other jurisdictions

Jurisdiction	Solar FiT
Australian Capital Territory (no legislated solar FiT)	5–12 c/kWh – the range of solar FiT market offers in 2024–25
New South Wales (solar FiT benchmark range set by IPART)	4.8–7.3 c/kWh – the all-day benchmark range for 2025–26[17]
Northern Territory (no legislated solar FiT)	9.33 c/kWh – the standard solar FiT offered by government retailer in 2024–25
South Australia (no legislated solar FiT)	The average solar FiT market offer in 2023–24: • 4.9–6.3 c/kWh – residential • 8 c/kWh – small business:
South-east Queensland (no legislated solar FiT)	The average solar FiT market offer in 2023–24: • 4.9 c/kWh – residential • 5 c/kWh – small business
Tasmania (minimum solar FiT set by TER)	8.607 c/kWh – the solar FiT for 2025–26[18]
Victoria (minimum solar FiT set by ESC)	Solar FiT for 2025–26:[19] • 0.04 c/kWh – flat rate • 0.00–6.57 c/kWh – time varying
Western Australia (distributed energy buyback scheme for government retailers; rates approved by the government)	2–10 c/kWh; 3–10 c/kWh – time-varying solar FiT rates in 2024–25

[17] IPART also has separate time-dependent feed-in tariff benchmarks for each New South Wales distribution area. See Independent Pricing and Regulatory Tribunal, *Solar feed-in benchmark ranges 2025–26*, final report, May 2025.
[18] See Office of the Tasmanian Economic Regulator, *2025 regulated feed-in tariff rate pricing investigation and determination*, TER website, 2025, accessed 27 May 2025.
[19] See Essential Services Commission, *Solar minimum feed-in tariffs for 2025–26*, media release, 27 February 2025, ESC website, accessed 27 May 2025.

Appendix C: Gazette notice

Queensland Government Gazette

FEED-IN TARIFF FOR EXPORTED SOLAR PHOTOVOLTAIC (PV) ELECTRICITY IN REGIONAL QUEENSLAND

Electricity Act 1994

Pursuant to section 94 of the *Electricity Act 1994* (the Electricity Act) and the Direction Notice from the Treasurer, Minister for Energy and Minister for Home Ownership (dated 19 December 2024) issued under section 93 of the Electricity Act, I hereby state that the Queensland Competition Authority decided that on and from 1 July 2025 to 30 June 2026, the feed-in tariff, as defined in section 92 of the Electricity Act, is 8.660 cents per kilowatt hour.

Dated this DD day of MM 2025

Professor Flavio Menezes
Queensland Competition Authority

Glossary

ACIL	ACIL Allen
ADM	advanced digital meter
ESC	Essential Services Commission (Victoria)
FiT	feed-in tariff
IPART	Independent Pricing and Regulatory Tribunal
kWh	kilowatt hour
NEM	National Electricity Market
NSLP	net system load profile
PV	photovoltaic
QCA	Queensland Competition Authority
TER	Office of the Tasmanian Economic Regulator
WEC	wholesale energy costs

Stakeholder submissions and references

Stakeholder submissions

We received 4 submissions (available on our website).

Stakeholder	Submission number	Date received
Ergon Energy Queensland (EEQ)[20]	1	24 January 2025
Girgenti, S	2	28 March 2025
Hempenstall, J	4	29 May 2025
Origin Energy (Origin)	3	23 April 2025

References

ACIL, *Estimated energy costs*, final report prepared for the QCA, May 2025.

Essential Services Commission, *Solar minimum feed-in tariffs for 2025–26*, media release, 27 February 2025, ESC website, accessed 27 May 2025.

Independent Pricing and Regulatory Tribunal, *Solar feed-in benchmark ranges 2025–26*, final report, May 2025.

Office of the Tasmanian Economic Regulator, *2025 regulated feed-in tariff rate pricing investigation and determination*, TER website, 2025, accessed 27 May 2025.

[20] EEQ's submission on the interim consultation paper for notified prices also included comments on the solar FiT. It is available under the notified prices review on our website. See QCA, *Regulated electricity prices for regional Queensland 2025–26*, QCA website, 2025.