Queensland Competition Authority

Solar feed-in tariff 2026–27

Final determination

June 2026

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 January 2026, the Treasurer, Minister for Energy and Minister for Home Ownership (the Minister) directed us to set a flat-rate solar FiT for 2026–27. The Minister also asked us to set regulated retail electricity prices (notified prices).[1]

We set the solar FiT using a well-established framework, based on factors in the Electricity Act and matters in the direction (Box 1). Last year, we incorporated new information to improve our solar FiT estimate. We have applied that same approach to estimate the FiT for 2026–27.

This determination outlines the key elements of our approach and the solar FIT to apply from 1 July 2026.

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 costs a retailer avoids when sourcing energy from household solar PV customers.

Consistent with the approach used last year, we have continued to incorporate additional solar export data to improve our estimate of the solar FiT. Our estimates are based on:

- the wholesale energy costs (WEC) a retailer avoids when sourcing electricity from its solar PV customers instead of purchasing it from the NEM. This year we continue to account for the impact of solar exports (see section 3.1)

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

- 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.[2]

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.[a] 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 section 3.1) • produce a lower solar FiT that is less likely to inhibit competition.
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.[b]

a Before 2025–26, 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.
b 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. This reflects a decrease in energy costs and the availability of additional solar export data from advanced digital meters (ADMs) – which allows us to better measure and value exported solar energy.

We have calculated the solar FiT having considered relevant factors in the Electricity Act, the Minister's direction, stakeholder submissions and our own analysis.[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
- the Minister's direction and terms of reference

[2] Like Ergon Retail, Origin Energy loses money by 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.
[3] We received 8 stakeholder submissions as part of our review (published on our website).

- information on our review of notified prices, including ACIL Allen's (ACIL) report on energy costs.

1.3 Consultation timetable

Key dates for our review are shown in Figure 1.1.

Figure 1.1: Stages of the review

1.4 Human Rights Act declaration

While our decision is economic in nature, the *Human Rights Act 2019* (Qld) requires us to consider human rights that may be affected by our determination of the solar FiT. We consider that our decision does not give rise to a limitation of any right under the Human Rights Act.

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.

2 Solar feed-in tariff

We estimate a solar feed-in tariff (FiT) of 6.006 c/kWh for regional Queensland in 2026–27, which is about 31% lower than the 2025–26 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, our estimate has decreased due to:

- lower (avoided) wholesale and other energy costs (Table 2 and Figure 1)
- the availability of additional solar export data from ADMs, which allows us to more accurately measure and value exported solar energy.[4]

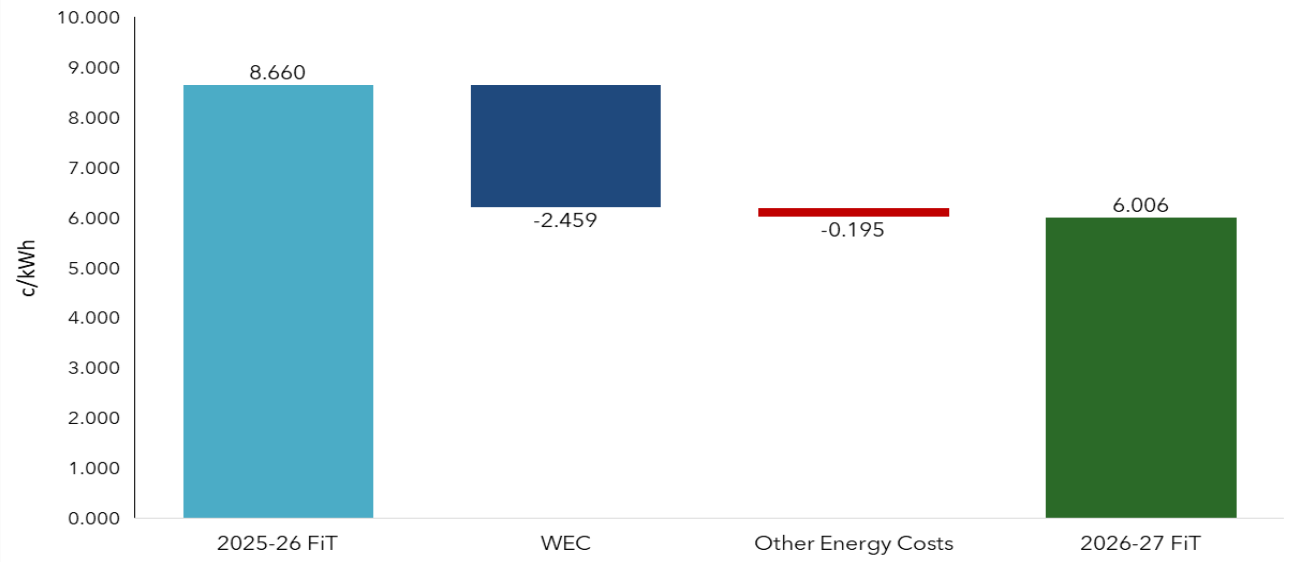
The solar FiT is within the range of solar FITs in other jurisdictions (Appendix B).

Table 2: Solar FiT for regional Queensland, 2025–26 and 2026–27

Avoided costs	Feed-in tariff (c/kWh)		Change	
	2025–26	2026–27	c/kWh	%
Wholesale energy costs	8.031	5.572	–2.459	–30.6
Other energy costs	0.629	0.434	–0.195	–31.0
Feed-in tariff	**8.660**	**6.006**	**–2.654**	**–30.6**

Note: 1. Estimates exclude GST. 2. Totals may not add exactly due to rounding. Source: ACIL, *Estimated energy costs*, final report, May 2026; QCA calculations.

Figure 1: Changes in solar FiT, 2025–26 to 2026–27



Note:1. Estimates exclude GST. 2. Totals may not add exactly due to rounding. Source: ACIL, *Estimated energy costs*, final report, May 2026; QCA calculations.

[4] As more solar customers transition from accumulation meters to ADMs, a growing share of solar exports will be reflected in ADM data rather than the NSLP. As the value of exports from ADM data is lower than the value implied by the NSLP, the value of the FiT decreases. This effect is likely to continue as ADM roll-out progresses (and until ADM coverage is 100%).

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:

- the National Electricity Market (NEM)
- solar energy exported by households with solar PV systems.

When retailers source energy from solar exports, they avoid certain costs. The main cost avoided is the wholesale energy cost (WEC) that would otherwise be incurred when purchasing energy from the NEM. Historically, we estimated this avoided cost using the same WEC applied in notified prices. This meant the WEC estimated for notified prices was also used as the avoided WEC for the solar FiT. As a result, determining the avoided WEC was relatively straightforward.

Our WEC estimate reflects:

- **wholesale energy spot prices** – taking into account supply conditions, demand profiles, and generator bidding behaviour. To reflect customer consumption, we consider both the:
  - net system load profile (NSLP), which captures demand from accumulation meter customers
  - ADM profile, which measures demand from customers with ADMs. Since 2024–25, and in the 2026–27 notified prices, we incorporated available data on demand from solar exports within the ADM profile
- **hedging strategies and contract prices** – estimated using a model that simulates the WEC for a retailer managing spot price exposure (and risk) through publicly available ASX Energy contracts.

However, solar exports also affect the underlying cost of supplying electricity. Solar exports reduce the amount of daytime demand met by the NEM, resulting in a peakier residual demand profile. A peakier profile is more expensive for retailers to hedge and increases contracting costs, all else being equal.[5]

Since 2024–25, we have used additional interval meter data to estimate the costs that solar exports impose on retailers.[6] Rather than reflecting these costs in notified prices, we adjust the FiT to incorporate them. This approach recognises that the FiT should reflect the net value of solar exports to retailers, including both the avoided WEC and any identifiable costs associated with solar exports. It also ensures the value of solar exports is appropriately reflected in the FiT without distorting the estimate of energy costs used to set notified prices.

We cannot apply an adjustment to the proportion of solar exports from the NSLP, as solar exports cannot be separately identified in the NSLP. The NSLP reflects the load of customers on

[5] Retailers may hold more cap contracts and could be over-hedged more frequently during the day.
[6] Removing the identifiable cost impact lowers the estimated WEC included in notified prices. See chapter 4 of the 2026–27 notified prices determination.

accumulation meters. As such, the NSLP combines electricity imports and exports (the effects of solar exports cannot be isolated due to the accumulation meters).

Box 2 outlines the 3 key steps in our approach to estimating the WEC component of the FiT using ADM data. Further detail is provided in ACIL's report.[7]

Box 2: Calculating the WEC component of the FiT

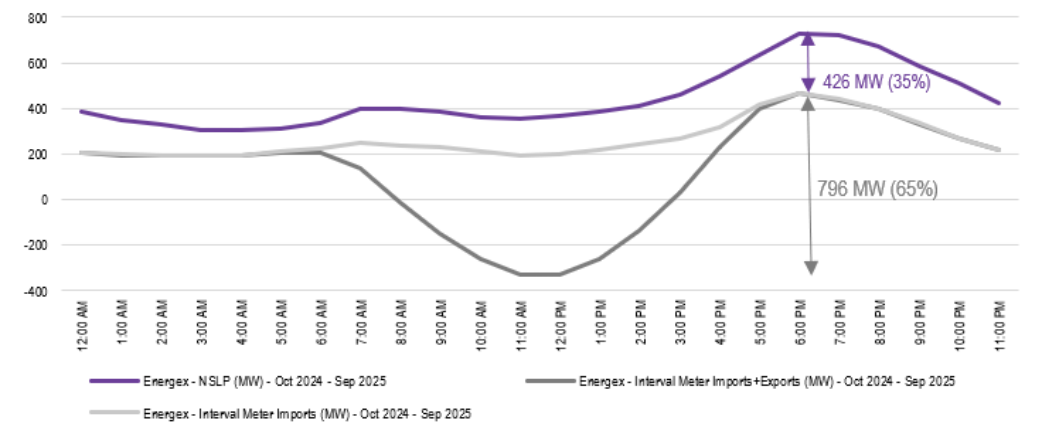
We follow a 3-step method to estimate the WEC component.

1. **Estimate the WEC of the NSLP** – we estimate the WEC for energy from the NEM based on the NSLP profile (WEC_{NSLP}). This reflects the costs a retailer avoids when sourcing solar exports from households on accumulation meters.
2. **Estimate the WEC of the solar exports** – the WEC of solar exports (WEC_S) cannot be observed directly but can be derived by calculating the difference between 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.
3. **Estimate the (weighted average) WEC** – we use the relative volumes of exports arising from the NSLP and ADMs (see Figure 2) to weight the WEC estimates from the 2 export sources.

Results

1. **WEC of NSLP energy (2026–27):** $135.33/MWh (in 2025–26: $155.47/MWh)
2. **WEC of solar exports (2026–27)**: $12.86/MWh (in 2025–26: $16.29/MWh)
3. **Weighted WEC calculation:**
   2026–27: ($135.33 x 35%) + ($12.86 x 65%) = $55.72/MWh
   2025–26: ($155.47 x 46%) + ($16.29 x 54%) = $80.31/MWh.

For 2026–27, the WEC component of the solar FiT is $55.72 (or 5.572 c/kWh), compared to $80.31/MWh (or 8.031 c/kWh) last year.



Source: ACIL, *Estimated energy costs*, final report, May 2026, pp 65–66.

[7] ACIL, *Estimated energy costs*, final report prepared for the QCA, May 2026, pp 65–66.

Stakeholders generally supported the use of improved solar export data from ADMs[8] but raised concerns with aspects of the methodology and the decline in the FiT:

- Origin said the weighted average approach overvalues exports because it does not reflect the price of PV exports when they occur,[9] while the Smart Energy Council said our approach undervalues the exports by not recognising broader benefits, such as avoided transmission investment, reductions in peak prices and wholesale market costs.[10]
- The Smart Energy Council said the reduction in the FiT does not reflect a genuine decrease in the value of solar exports but instead reflects the methodological impact of customers transitioning to ADMs.
- Stakeholders recommended changes to smooth movements in the FiT, including limiting annual changes to ±10% and setting a minimum FiT based on NSLP-derived avoided costs to prevent methodological factors driving reductions.[11]
- Some stakeholders raised concerns about the economic impacts of a declining FiT, including the widening gap between the price of grid-based electricity and solar export payments.[12] They suggested the FiT should better reflect customer investment costs.[13,14]
- Horan & Bird Solar recommended an optional time-of-use FiT that reflects wholesale market dynamics and rewards exports during periods of peak demand.[15]

We acknowledge stakeholders' concerns about the method used to estimate the FiT and the impacts of declining FiT rates. These concerns are understandable, particularly where customers have invested in rooftop solar systems based on expectations of future returns, or where customers observe different FiT outcomes in regional Queensland, compared to SEQ or other jurisdictions.

We have not changed our approach, however. We remain satisfied that the solar FiT provides a reasonable estimate of the value of solar exports because it:

- uses available solar export data to improve the accuracy of the estimate
- reflects the value of solar exports to the retailer (i.e. the retailer's financial benefit or avoided cost)
- accounts for solar exports from customers on accumulation meters to ensure the retailer does not earn an above-normal profit or incur a loss.

As indicated at the start of this chapter, our approach recognises that solar exports arise from 2 types of users: those with interval meters and those with accumulation meters. We use solar export data from interval meters to estimate the avoided cost to retailers of PV exports from interval meter customers. However, we do not apply this value to exports from accumulation meter customers because doing so would result in retailers receiving a windfall gain.[16]

Therefore, we use a weighted average of the 2 values, where the weights are based on exports from each source (see Box 2).

[8] Smart Energy Council, sub 5, p 3; Origin Energy, sub 3, p 1.
[9] Origin Energy, sub 3, p 1.
[10] Smart Energy Council, sub 5, p 3.
[11] Smart Energy Council, sub 5, p 8.
[12] B Hardwick, sub 1, p 1; K Litwin, sub 2, p 1; D Sutcliffe, sub 7, p 1; K McDonald, sub 8, p 1.
[13] R Stewart, sub 4, p 1.
[14] Relatedly, Smart Energy Council said that our reductions to the FiT extends the payback period for existing and prospective solar-exporting households (see Smart Energy Council, sub 5, p 5).
[15] Horan & Bird Solar, sub 6, pp 1–2.
[16] It is not possible to separate PV exports from the NSLP for customers on accumulation meters. In this case, the FiT for that proportion of exports should equal the (avoided) WEC of the NSLP. Otherwise, a windfall gain occurs because the retailer receives a notified price from customers (on accumulation meters) based on the (higher) WEC of the NSLP but pays a lower value to customers (i.e. the avoided cost of PV exports) for their solar exports.

As customers continue the transition to interval meters, the FiT will increasingly reflect the value of exports estimated using the interval meter data. This improves the accuracy of the estimate over time and provides a natural transition path as more detailed export information becomes available.

We also considered stakeholders' suggestions for alternative approaches, including introducing a time-of-use FiT, adopting a methodology similar to IPART's approach, placing limits on annual FiT movements and incorporating broader benefits associated with rooftop solar. However, we do not consider these approaches justify changing our methodology.

While a time-of-use FiT may provide stronger incentives for the timing of exports and may become increasingly relevant with greater battery uptake, introducing such a tariff is beyond the scope of our current direction from the Minister. Similarly, while approaches used in other jurisdictions may differ, we are required to set both a notified price and a FiT for the same retailer. We therefore consider it important that the FiT, while based on market data, ensures the retailer does not earn an above-normal profit or incur a loss. Also, our FiT remains within the range of FiTs observed in other jurisdictions (Appendix B).

We do not agree that the FiT should incorporate broader network benefits, installation costs or arbitrary limits on annual changes in its value. Network-related impacts are more appropriately addressed through the AER's regulatory processes, while installation costs reflect customers' investment decisions rather than the value of exports to retailers. Similarly, limits or minimum FiT floors would not reflect the changing value of exports over time or the improved export data now available.[17]

Finally, stakeholders raised concerns regarding declining FiTs and increasing supply charges. Increasing supply charges reflect increasing network costs, which we pass through when setting notified prices. More broadly, the decline in the FiT reflects lower daytime demand and higher daytime supply, which reduce the value of exports to retailers. The transition to interval meters provides a natural transition path over time.

3.2 Other avoided energy costs

The key factor driving the solar FiT is the avoided WEC. However, retailers also avoid other energy costs when sourcing electricity from solar PV customers instead of purchasing electricity from the NEM. For example, retailers can:

- avoid fees that vary with the amount of electricity purchased from the NEM, such as NEM management fees and ancillary services charges
- largely avoid transmission and distribution losses that arise when transporting electricity over long distances.[18]

We estimate these avoided energy costs using the same cost information (estimated by ACIL) used to set notified prices. Table 3 explains how these costs are incorporated into the solar FiT, consistent with past reviews.

[17] In addition, setting a minimum FiT based on the NSLP would cause a very large drop in the FiT once the transition from accumulation meters to interval meters reaches 100%.

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

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.

A stakeholder said customers are paying twice for 'other energy costs' because these costs are included in both the FiT and the daily supply charge for notified prices.[19] However, the costs included in the FiT are different to the costs that make up the daily supply charge that stakeholders refer to. Daily supply charges recover fixed costs (e.g. network costs), while other avoided energy costs are variable costs that retailers avoid when sourcing electricity from available solar exports rather than the NEM (i.e. the avoided costs listed in Table 3).

Other avoided energy costs estimate

We estimate avoided other energy costs to be 0.434 c/kWh, which is 31.0% lower than last year (0.629 c/kWh). This primarily reflects a decrease in avoided network losses associated with the reduction in WEC.

[19] R Stewart, sub 4, p 1.

Stakeholder submissions

We received 8 submissions during our review.

Stakeholder	Submission number	Date
Hardwick, B	1	13 February 2026
Horan & Bird Solar	6	9 April 2026
Litwin, K	2	29 April 2026
McDonald, K	8	18 May 2026
Origin Energy (Origin)	3	30 April 2026
Smart Energy Council	5	1 May 2026
Stewart, R	4	30 April 2026
Sutcliffe, D	7	5 May 2026

Appendix A: Solar feed-in tariff method

Part 1: Estimating the value of solar exports from ADMs[20]

As discussed in section 3 of the main report, we identify the demand satisfied by solar exports in the ADM profile. This allows us to estimate the value of solar exports captured in the ADM data when calculating the solar FiT.

Retailers source energy for their customers from both the NEM and household solar exports. Accordingly, a retailer's total energy cost can be expressed as:

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

The costs depend on both price[21] and quantity and can be expressed 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
$Q_T = Q_N + Q_S$

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

Since 2025–26, and in our 2026–27 notified prices, we have been able to identify the demand satisfied by solar exports from the ADM profile and estimate the total cost of energy WEC_T for demand satisfied by both the NEM and solar exports.[22]

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.

[20] To simplify the examples in this appendix, we assume there are no other energy costs (e.g. losses) so that our discussion of the (weighted) WEC is consistent with the value of solar exports.
[21] 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).
[22] 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:

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

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

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

$$WEC_S = \$5$$

Part 2: Calculating the weighted average WEC

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

The relative volume of exports is estimated as 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 426 MWh and 796 MWh.

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

$$\$135.33\left(\frac{426}{426+796}\right) + \$12.86\left(\frac{796}{426+796}\right) = \$55.72/\text{MWh}$$

This is equivalent to 5.572 c/kWh, which represents the wholesale energy cost component of the 2026–27 solar FiT (see Table 2 of the report).

Appendix B: Solar FiT in other jurisdictions

Jurisdiction	Solar FiT (c/kWh)
Australian Capital Territory (no legislated solar FiT)	4–8 c/kWh – the range of solar FiT market offers 2026 for the three largest retailers in the Australian Capital Territory[23]
New South Wales (solar FiT benchmark range set by the Independent Pricing and Regulatory Tribunal)	3.4–6.5 c/kWh – the all-day benchmark range in 2026–27[24]
Northern Territory (no legislated solar FiT)	Solar FiT in 2025–26: • 9.33 c/kWh – the standard off-peak solar FiT offered by the government retailer • 18.66 c/kWh – the peak solar FiT rate offered by the government retailer to customers with smart meters[25]
South Australia (no legislated solar FiT)	The average solar FiT market offer in 2024–25: • 0–6 c/kWh – residential • 0–6 c/kWh – small business[26]
South-east Queensland (no legislated solar FiT)	The average solar FiT market offer in 2024–25: • 3.65 c/kWh – residential • 3.88 c/kWh – small business
Tasmania (minimum solar FiT set by the Office of the Tasmanian Economic Regulator)	8.782 c/kWh – the regulated minimum solar FiT in 2025–26[27]
Victoria (minimum solar FiT previously set by the Essential Services Commission until June 2025 (after which, retailers set their own FiT)	Solar FiT in 2024–25: • 0.04 c/kWh – flat rate • 0.00–6.57 c/kWh – time-varying[28]
Western Australia (distributed energy buyback scheme for government retailers; rates approved by government)	2–10 c/kWh; 3–10 c/kWh – time-varying solar FiT rates in 2024–25[29]

[23] Retailer solar FiT information for ActwAGL, Origin Energy and EnergyAustralia,, retailer websites, accessed 1 May 2026.
[24] IPART, *Solar feed-in benchmark ranges for 2026-27*, 25 May 2026.
[25] Retailer solar FiT information for Jacana Energy.
[26] Essential Services Commission of South Australia, *Energy Retail Price Offers Comparison Report 2024–25*, August 2025, p 24.
[27] OTTER, *Feed-in Tariffs*, OTTER website, 2026, accessed 1 May 2026.
[28] ESC, *Minimum feed-in tariffs*, ESC website, 2026, accessed 23 March 2026.
[29] Government of Western Australia, rates offered under the *Distributed Energy Buyback Scheme* (DEBS), WA government website, accessed 23 March 2026.