



INFORMATION SHEET

Buyback rates on solar and electricity prices



Making the most of our sunshine for a brighter energy future.

This Frequently Asked Questions document provides information about the payments offered to Western Australian households (known as buyback schemes) for electricity from their solar panels.

Frequently Asked Questions

Why don't I get paid the full retail tariff for the electricity I sell from my solar panels?

It is common for people to ask why there is a difference between the rate they are paid for their solar power under buyback schemes and the standard retail electricity tariff.

The buyback rate on solar power paid to households is similar to the rate that other generators are paid for supplying electricity into the grid.

The rate you are charged for electricity is higher than the buyback rate because the cost to supply electricity to your home includes other costs, such as:

- building and maintaining the electricity supply network (the poles and wires);
- having enough generation plant available to meet electricity demand during peak periods and keep the power system secure and reliable;
- managing your electricity services, including reading your meter, sending you a bill and having a call centre on hand to answer your questions; and
- meeting Commonwealth Government obligations, such as the Renewable Energy Target.

These costs relate to services that contribute to the reliability of the grid, so that power is available whenever you need it. These services are not supplied when households export electricity to the

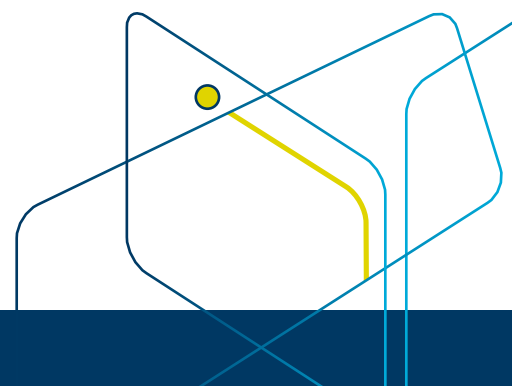
grid, so buyback rates do not include payment for these services. More information about the buyback schemes can be found on the Synergy or Horizon Power website.

In a typical household, buyback payments make only a small contribution to the overall return on a solar investment. Most of the financial benefit is from using the electricity generated from solar, avoiding purchasing that electricity from your retailer.

You can maximise the return on your investment by changing the time of day you consume energy to coincide with your solar system generation. You can find tips on managing your energy on our website [here](#).

What is peak demand and do solar panels help reduce it?

The amount of electricity demanded from the grid varies throughout the day, with demand during some days of the year being much higher than others. Peak demand occurs on the handful of days when electricity demand is at its highest point for the year. The highest demand for electricity is generally over a few days



in summer, when everyone is using their air-conditioners.

To reduce the risk of blackouts, we need to have enough capacity in our generators, poles and wires to meet peak demand, even if it only happens for a small part of the year.

This can be expensive, especially if the peak gets higher every year. Because of this, peak demand is one of the major drivers of the costs of supplying electricity. There are a couple of points that can help you understand how your solar panels fit into the peak demand picture:

- Peak demand usually occurs in the late afternoon or early evening when solar panels are not performing at their best. This means that the contribution they make to reducing peak demand on the network is rather small.
- Most households with solar panels still need to use electricity from the grid at peak times. This is why solar panel owners still need to contribute to the cost of peak demand and maintaining the grid like everyone else.

Why does the Distributed Energy Buyback Scheme (DEBS) have different rates for different times of day?

Under DEBS, customers are paid a higher rate for exports when demand for electricity is high, and electricity is worth more. This encourages customers to use or store the electricity they generate and install west-facing panels to produce more electricity later in the day.

Why are the buyback rates different at different times when the price I pay to use energy is the same at all times?

Under DEBS, customers are paid a higher rate for exports when demand for electricity is high, and electricity is worth more. This encourages customers to use or store the electricity they generate and install west-facing panels to produce more electricity later in the day.

During 2020 and 2021, some customers will be invited to take part in one of two pilots designed to test tariffs

that charge customers differently at different times of the day. These pilots will be priced so that customers will be encouraged to use more electricity in the middle of the day, when household solar is generating and the wholesale cost of electricity is low.

Both DEBS and the tariff pilots are part of a range of measures the Government is working on to make our energy system ready for a renewables dominant future where distributed energy resources are a central component of the power system which all customers will benefit from.

Why do some households with solar panels get paid differently for their electricity exports than others?

The Distributed Energy Buyback Scheme (DEBS) was announced on the 31 August 2020, replacing the Renewable Energy Buyback Scheme (REBS) for all new applications for buyback and system upgrade. DEBS has a different rate for exports at different times, paying more when electricity is in higher demand, whereas REBS has a single, flat rate for electricity exported at any time.

Households installing solar panels today will receive DEBS. Households already receiving buyback payments at the time of the DEBS announcement will remain on REBS unless they upgrade their system, install a battery or choose to switch to DEBS.

Some people may tell you that they receive extra payments for their excess solar electricity. This is because they are part of the Feed-in Scheme. The Feed-in Scheme was open from 1 July 2010 to 1 August 2011 and offered households 40 cents per unit for their excess electricity on top of the REBS rate, which was the buyback scheme offered at this time. The Feed-in Scheme rate is paid for ten years from the date of application.

The Feed-in Scheme was designed to encourage the installation of solar panels by assisting households with their investment at a time when the cost of installing these energy systems was much higher. Once it reached the target of 150 megawatts of new generation capacity (about 75,000 systems), the Scheme closed to new applications.

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