

29 September 2010

Solar Bonus Review
Industry & Investment NSW
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Thank you for the opportunity to comment on the Review of the Solar Bonus Scheme.

We note that this review has been triggered by the fact that the total generating capacity of all complying generators has now reached 50 megawatts. The terms of the review seek comments as to whether the policy objectives outlined in s 15A of the *Electricity Supply Act 1995* remain valid, and whether the terms of the Act are appropriate for securing these objectives.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. New South Wales customers have contacted EWON about a range of solar related issues, including solar installations and feed-in tariffs. We note that complaints for the 6-month period from January to June 2010 were more than double the number in relation to solar issues for the preceding 12 months.

Review of the Solar Bonus Scheme

We acknowledge the objectives of the NSW Solar Bonus Scheme and the importance of initiatives to promote renewable energy.

The NSW Solar Bonus Scheme provides significant benefits to many home owners who have a property suitable for the installation of a compliant solar array or wind turbine.

However, it needs to be noted that the cost of providing the feed-in tariff is spread across the whole customer base. This means that many customers who are not able to take advantage of the scheme – for example, those on low incomes, tenants, and people living in multi-unit dwellings – are contributing to the cost of the Scheme but receiving no direct benefit.

EWON has seen a noticeable increase in affordability complaints since the regulated price increases that took effect in July 2009 and July 2010, and this is likely to continue with the further increases foreshadowed over the next few years. We note the recent

application to the AER by one network operator for the pass-through of network charges as a result of additional costs incurred as a result of the Solar Bonus scheme. If this is approved, and possibly followed by applications from other network operators, it will affect the retail tariff across the NSW customer base. In EWON's experience, these further cost increases will be difficult to absorb for many customers already experiencing financial hardship.

We have raised this issue to query whether any additional measures will be considered to assist low income customers to compensate for increases in their energy costs that might be attributable to the Solar Bonus Scheme, given that they are not in a position to benefit directly from the energy reducing, cost saving or income generating aspects the Scheme.

We assume that the Solar Bonus scheme is not intended to provide significant financial subsidies for some customers that are above and beyond the positive environmental and other objectives of the scheme, particularly if these benefits are at the cost of low income and disadvantaged customers who cannot participate in the scheme. We hope that the need to balance the interests of customers will form part of the Review of the Solar Bonus Scheme.

Customer complaints to EWON

We consider that it might be helpful to the Solar Bonus Review to outline the range of solar related issues raised by customers, whether they are directly or indirectly relevant to the review. Some complaints are one-off, in that they are related to the transition from the net to gross feed-in arrangements.

Customer complaints about the change to a gross feed-in scheme

At the time of the November 2009 announcement of a change to a gross feed-in tariff for NSW, many customers had already installed their solar arrays with a net meter, in accordance with the announcement of the original net feed-in scheme back in June 2009. Customers complained that they had to incur additional expense and inconvenience in engaging an electrical contractor to reconnect their solar array to a gross meter.

In August 2009 Paul installed solar panels, had a net meter installed, and this was all approved by the network operator in his area. He now finds he has to have a gross meter installed to get the benefit of the new feed-in tariff. The network operator has told him it would be four months before they have any gross meters available. They will supply the meter, but Paul has to pay for his own electrician to install the new meter, at an approximate cost of \$400. Paul feels this is totally unreasonable as he has already paid \$10,000 for the panels and put in the original net meter on the network operator's advice.

Ongoing delays in supplying gross meters

Customers complained that they could not obtain the benefit of the feed-in tariff because of delays in obtaining a gross meter.

Judy had solar panels installed at the end of August 2010, and has discovered from her installer that the network operator is currently out of stock of gross meters. She has been told it may be another 4-6 weeks before they are available.

Lack of access to the scheme

Some customers complained that they were not able to participate in the solar bonus scheme, eg because they lived in multi-unit dwellings.

Pat lives in an apartment complex and she wants to install solar panels so she can take advantage of the feed-in tariff. The owners' corporation has advised her that it would support installing solar panels if there is minimum of 75% agreement from all the units. There are 21 units in the complex and only 3 units are in favour of the proposal.

Refusal to apply the feed-in tariff

Some retailers initially advised customers that they were not required to apply the NSW feed-in tariff.

In November 2009, Kim agreed to transfer his electricity account to his current retailer, however the transfer was not completed until 11 March 2010. During this time, Kim installed a new solar system which was operational on 10 February 2010. His previous retailer failed to credit him with the feed-in tariff relating to the energy generated while he was still their customer, ie between 10 February and 11 March 2010. They told him they would not honour any solar electricity credit as they are not a compliant solar energy supplier in NSW. Kim understood that all retailers were required to provide the feed-in tariff, and came to EWON for assistance.

Application of the incorrect tariff

It appears that some retailers that operate across several jurisdictions were initially not correctly applying the 60 cents per kWh feed-in tariff as required under the NSW Scheme.

Julie had installed solar panels in February 2010, but her retailer has only been paying a rebate of 19 cents per kWh. When she contacted the retailer, they agreed to pay the 60c rebate and backdate it to when her panels were installed. Julie has waited 2 months but her bill has still not been amended.

Delays or errors in applying the rebate

Some customers complained about delays in their retailer applying the feed-in tariff to their electricity account. Other customers found that the feed-in tariff had been incorrectly applied

Brett had a solar power system installed in March 2010. The new meter was installed and the system turned on, and his retailer advised him the rebate would appear on his next bill. Brett received a bill in April 2010 but there was no rebate recorded. He called his retailer who advised him that it would be on the next bill. Brett's next bill issued in July 2010 but there was still no rebate recorded. He called his retailer again, but they said that there was no one available who could assist him, but someone would call him back within 48 hours. They failed to contact him, so he came to EWON for assistance.

John had solar panels installed in February 2010. On his invoice, his retailer has added the solar meter amount to his energy usage instead of processing it as a credit.

Delays in issuing electricity bills

Some customers have complained that their retailer has failed to issue any bill, due to issues connected with their solar panels. Failure to bill causes ongoing problems for customers who are trying to budget for their energy usage, and can often result in significant hardship when the bill is finally received covering two or more billing periods at the same time.

Brydie contacted EWON in August 2010 because she had not received an electricity bill since January 2010. She had contacted her retailer three times, and was told that the meter has been read on two separate occasions but they had not been able to send her a bill because of her solar system. The retailer said her account had been referred to their finance section with a note to ring the customer to explain why she had not received a bill. Brydie had not yet been contacted with any explanation, and came to EWON for assistance.

Problems with reading the new meters

Some customers reported problems with the reading of their meters with resulting delay in the application of the feed-in tariff.

Peter installed a solar array with a gross meter and this was connected to the grid in mid March 2010. The meter is showing that he has already generated over 4300 kWh but by late August 2010 he has still not received a bill showing the feed-in tariff for the energy he has supplied back to the grid. When he contacted his retailer he was told that there had been an attempted meter read on 7 August 2010, but the reading device was faulty. The contact centre was not able to advise him when or if the meter would be re-read and when he can expect to receive the credit to which he is entitled.

The switch to a Time of Use Meter

Some customers have experienced difficulties arising from the installation of Time of Use (TOU) meters when they install a gross meter.

Suzanne recently had solar panels installed at her property and this required a gross meter to be installed. As well as installing the new gross meter for the solar array, the electrician also replaced her old meter with a TOU meter, as required by the network operator in her area. Suzanne had recently entered a new 2 year contract with her chosen retailer with a tariff of 15.6c per kWh. Her retailer has now written to advise her that due to her meter having changed, she will now be on a TOU tariff with a peak rate of 32.4c per kWh. Suzanne said that she would never have considered installing the solar panels if she knew her tariff would increase like this. Her retailer has not provided her with any other helpful advice, and she feels they have basically said 'too bad'.

The main person the customer interacts with in this process is the installer, who is complying with the requirements set down by the relevant network operator. However installers may not be equipped to provide any meaningful information to customers about the requirement of having a time of use meter installed, the potential impact of this on the customer's existing energy contract, and the most efficient way to manage energy consumption when a time of use meter is installed.

Business to business communication failures

Some customers have experienced problems arising from communication issues between retailers and distributors.

Alex installed solar panels, and his electrical contractor received 'permission to connect' from the network operator. His next bill from his retailer was estimated, and did not apply any credit for the energy he had fed back into the grid. When he contacted his retailer, they checked with the network operator who advised that his solar meter was not connected to the grid. Alex then contacted the installer who asked him to press the 'select' button on his meter to see if it was connected to the grid. He did this and it said: 'on grid' and that he had generated 155kWh. There seems to have been a breakdown in communication somewhere. Alex wants his retailer to acknowledge that he is on the grid and apply the feed-in tariff on the energy he has generated.

Sally had her solar panels installed in November 2009. The contractor submitted the required paperwork, and Sally's retailer sent her a letter dated 1 April 2010 confirming her eligibility for the Solar Bonus Scheme. Six months later she is still not being credited for the energy she feeds back into the grid. Sally has made several phone calls to her retailer to follow up, and each time they tell her they are looking into it and will get back to her. At one point they told her there was an issue between the network operator and her retailer, and last time she called she was told she was not on the database.

Issues with retailer-supplied solar systems

When the installation of solar panels is offered as part of the service by the retailer, and the customer has been unable to resolve their complaint with the call centre, EWON has been able to assist customers by referring them back to an appropriate point within the organisation to have their complaint addressed.

Where the customer continues to have an issue with their installation, EWON has referred them to the Office of Fair Trading as the appropriate complaint handling agency, as commercial solar installations are outside EWON's jurisdiction.

Rita applied for solar energy panels from her retailer, and paid a \$500 deposit. She then changed her mind and rang her retailer to cancel. She received a refund of her \$500, so thought the matter was finalised. She has since received two bills for \$500 from her retailer. When she called her retailer to query this, they referred her to the NSW Office of Fair Trading who referred her to EWON.

In April 2010 Jonathon placed an order with his retailer for a 1.5 kW solar power system. He paid a deposit of \$798 and made his first monthly installment of \$133. Ten days later he cancelled this order and placed a new order to take advantage of a lower priced offer advertised by his retailer. He paid a new deposit of \$299 and agreed to new monthly installments of \$112. He was informed that his previous contract payments would be refunded to his credit card within two weeks, but nine weeks later it has still not been paid, despite several phone calls to his retailer.

In February 2010, Arthur agreed to have his retailer install solar panels. He made an upfront payment of \$5000, and was advised that installation would take 8-10 weeks. Six months later the panels had still not been installed. Arthur has contacted his retailer several times for a firm date for the installation but was unable to obtain this. Due to the poor service he had experienced, Arthur cancelled the contract on 3 September 2010, and his retailer advised that it would take another 2 weeks for the refund to occur. Arthur considers that he has lost \$711 on lost interest and lost credits from the energy he could have been generating. He has contacted his retailer many times and requested a call back from a manager to discuss compensation of \$711. Although he is advised that a manager will ring him back, this does not occur.

Contractor related complaints

EWON has also received complaints about the conduct of individual independent installers, which may reflect the rapid expansion of this industry. As complaints against contractors are outside EWON's jurisdiction, we provide these customers with appropriate referrals, usually to the Office of Fair Trading.

Conclusion

We trust that this summary of the range of solar related issues raised by customers is helpful, whether they are directly or indirectly relevant to the current review.

While generally supporting the objectives of the Solar Bonus Scheme as outlined in s 15A of the *Electricity Supply Act 1995*, we remain concerned about the impact of the costs of this Scheme on low income customers, who are not in a position to benefit directly from the energy reducing, cost saving or income generating aspects of the Scheme.

If you would like to discuss this submission further, please contact me or Prue McLennan, Investigations Policy Officer on 82185250.

Yours sincerely



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