

Electricity Feed-in (Large-scale Renewable Energy Generation) Reasonable Costs Methodology Determination 2018*

Notifiable instrument NI2018–130

made under the

Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011, section 20D
(Reasonable costs—methodology)

1 Name of instrument

This instrument is the *Electricity Feed-in (Large-scale Renewable Energy Generation) Reasonable Costs Methodology Determination 2018*.

2 Commencement

This instrument commences on the day after its notification day.

3 Definitions

In this instrument:

FiT price means the amount of the FiT entitlement granted to the FiT entitlement holder in terms of dollars per megawatt-hour (GST exclusive).

MLF means the Marginal Loss Factor as determined by the Australian Energy Market Operator for the FiT entitlement holder's renewable electricity generator in the financial year in which the FiT eligible output is to be generated.

NEM RRP means the forecast National Electricity Market Regional Reference Price at the time of generation of the FiT eligible output for the jurisdiction in which the generation takes place, adjusted, if necessary, by a premium or discount factor determined by the Minister to accurately reflect the NEM RRP at the specific time of generation.

FiT eligible output means the electricity generated by a FiT entitlement holder that is the lesser of its metered electricity (adjusted by distribution loss factors where applicable) and its transfer of Large Generation Certificates (LGCs) to the ACT Government in respect of its metered electricity.

*Name amended under Legislation Act, s 60

4 Methodology Determination

I determine the methodology to be applied by the ACT electricity distributor when estimating the cost of the FiT support payment to be as follows:

1) Method for estimating the FiT support payments to a FiT entitlement holder

The method for estimating the FiT support payment by the ACT electricity distributor to a FiT entitlement holder in an upcoming financial year is according to the following formula:

$$\text{FiT support payment} = (\text{FiT price} - (\text{MLF} \times \text{NEM RRP})) \times \text{FiT eligible output}$$

2) Method for estimating the total amount of FiT support payments to be paid in an upcoming financial year

The method for estimating the total amount of FiT support payments to be paid by the ACT electricity distributor to all FiT entitlement holders in an upcoming financial year is according to the following formula:

Total FiT support payments = the sum of FiT support payments paid to FiT entitlement holders in the financial year adjusted for repayment, or recovery, of under or over-recoveries of FiT support payments by the ACT electricity distributor from ACT electricity retailers through distribution network charges in the years prior to the year for which a reasonable costs determination is made that have not previously been recovered or repaid.

In the case of FiT support payment over-recoveries from ACT retailers, these will be deducted from the total FiT support payments, in the case of FiT support payment under-recoveries from ACT retailers, these will be added to the total FiT support payments.

Repayments or recoveries may be reconciled over a period of not more than five years beginning in the year for which a reasonable costs determination is made. The reconciliation period is to be determined by the Minister, following consultation with the ACT electricity distributor. Interest will be applied to both the under and over-recoveries at a rate equal to the Weighted Average Cost of Capital (WACC) determined by the Australian Energy Regulator, which is updated each year for the annual return on debt. The full WACC is to be applied to the opening balance of total FiT support payments for each regulatory year and an adjusted (half-year) WACC is to be applied to the under or over-recovery of total FiT support payments incurred during each regulatory year.

Shane Rattenbury
Minister for Climate Change and Sustainability
09 March 2018