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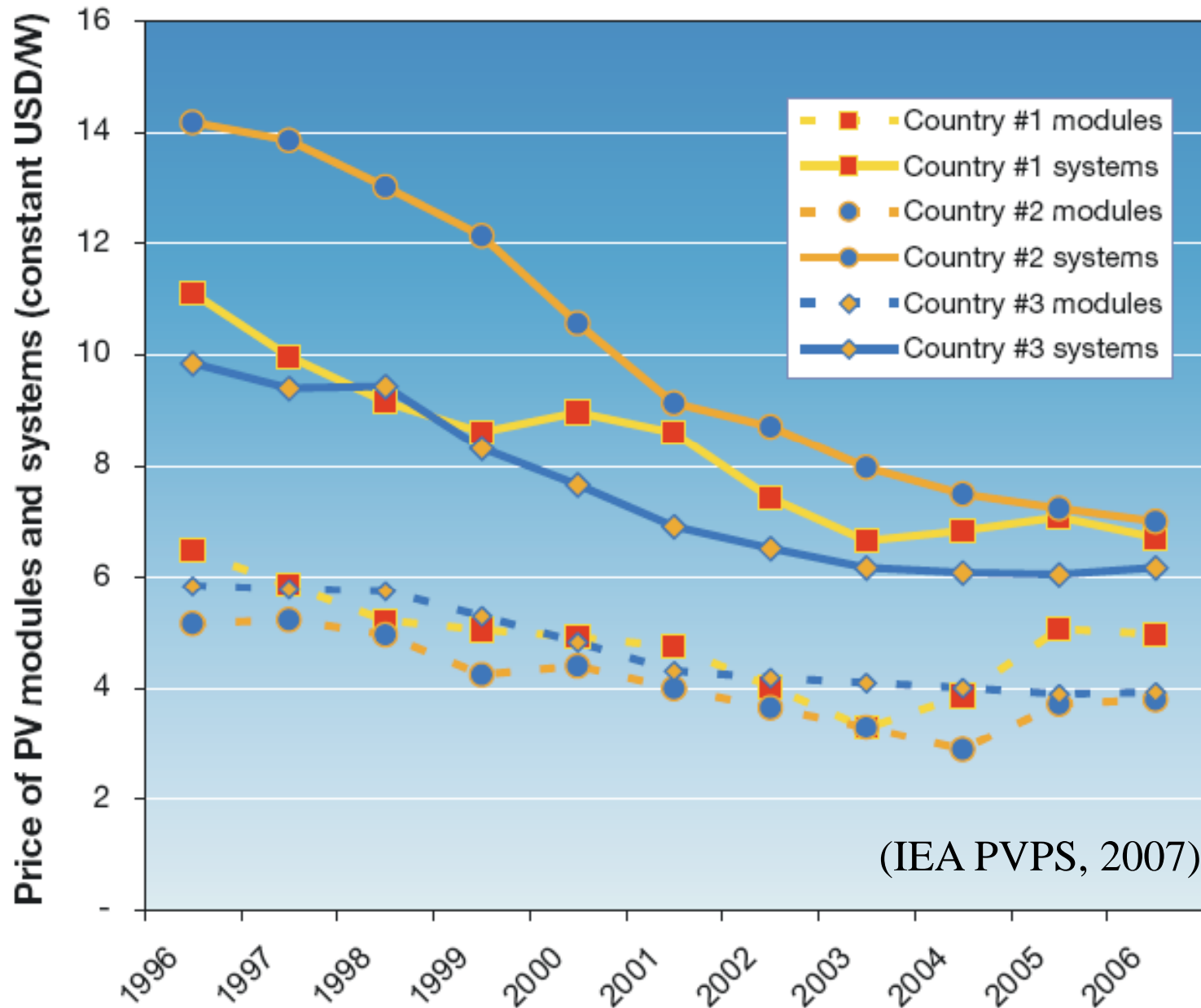
PV feed-in tariffs: design choices

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Price trends for PV modules & PV systems



(IEA PVPS, 2007)



Why introduce a PV feed-in tariff?

- Reduce exposure to high oil prices
- Reduce climate change emissions
- Improve reliability of supply:
 - If used with battery in UPS configuration
- Develop a domestic PV industry, focusing on:
 - System installation using globally traded PV modules & BOS components with guaranteed operating lives
 - Capacity-building for domestic PV industry
 - Public understanding & acceptance of PV

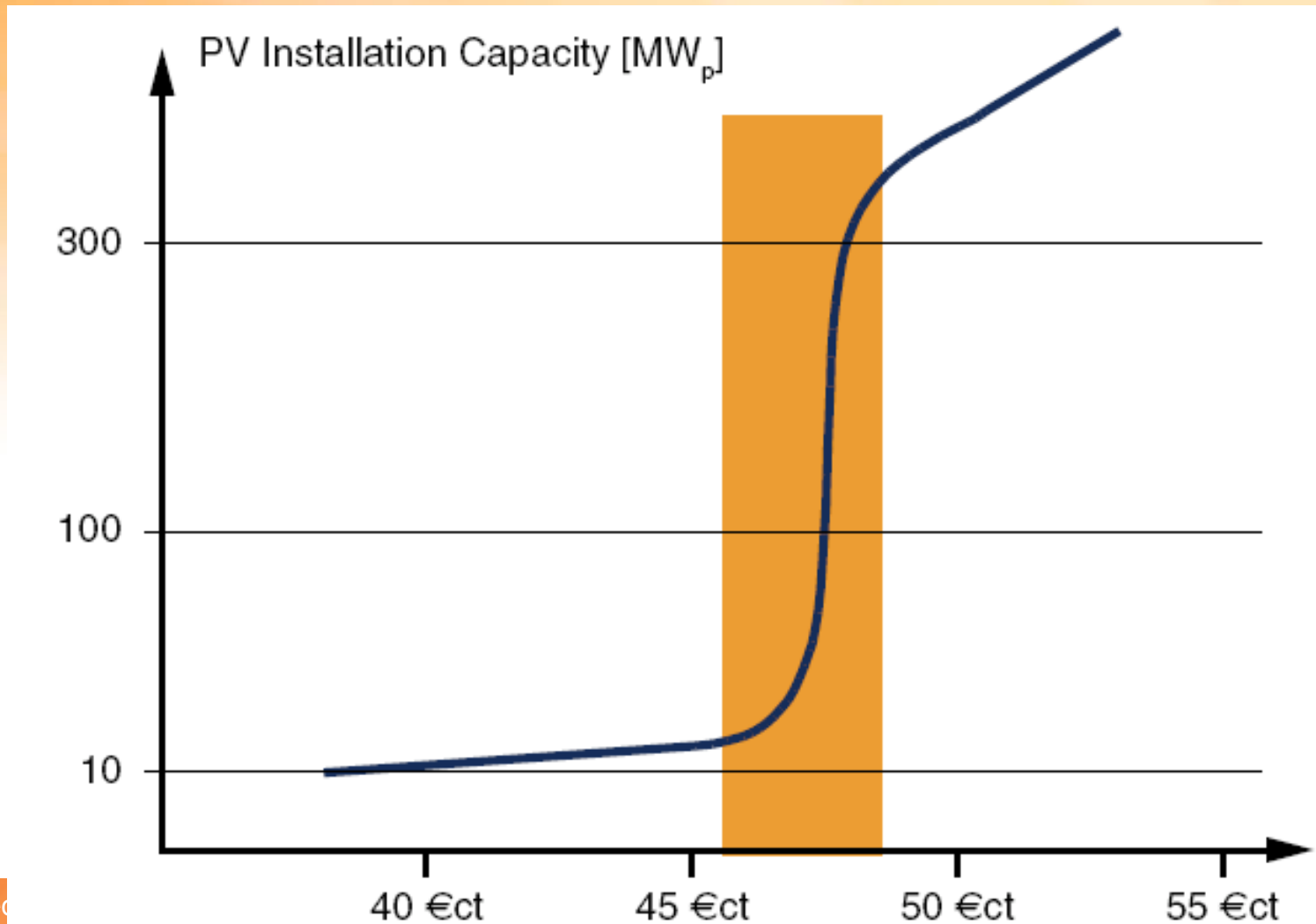


Design of a feed-in tariff scheme

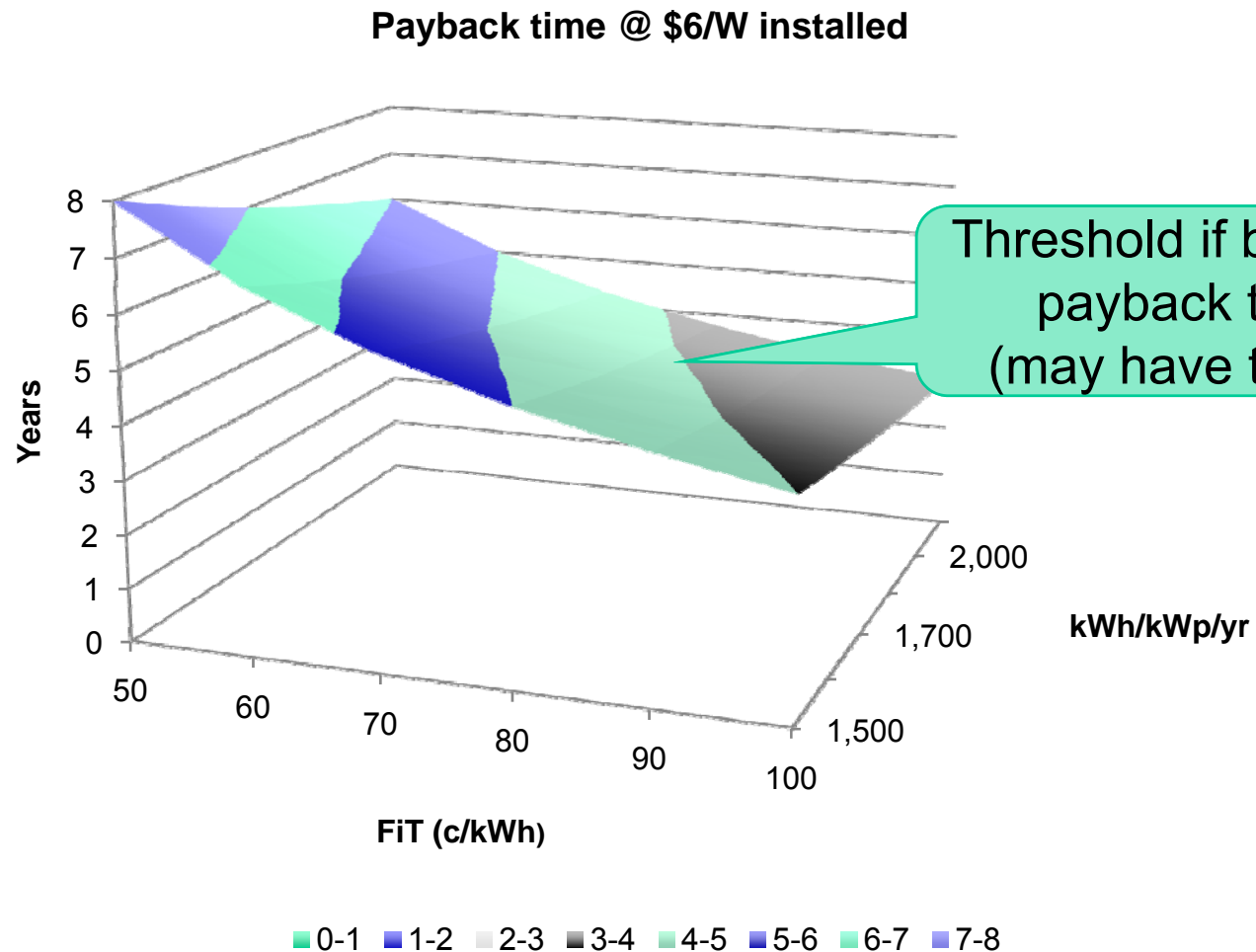
- Guaranteed rate (c/kWh) for each kWh produced by a *new* PV system in its first 10 years:
 - Metering required for each installation
- Guaranteed rate reduced for PV systems installed in later years (by about 5% per year)
- Each installation required to pass a technical & safety audit:
 - Technical & safety standards
 - Education & training program for auditors & installers
- Monitoring program to assess scheme outcomes



Setting the feed-in tariff rate: threshold effect based on payback-time (German experience)



Payback time (years) for PV for installed cost of \$5/Wp as function of FiT (c/kWh) & yield (kWh/kW/yr)



Note: required FiT rate changes linearly with installed cost to buyer



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