MOEA to rethink FIT rate calculation

Deputy Minister of Economic Affairs Tseng Wen-sheng (□□□) yesterday agreed to reassess the metrics used in deciding the nation’s feed-in tariff (FIT) for renewable energy.

Following a heated public hearing with solar power industry representatives in Taipei, Tseng said that the Ministry of Economic Affairs (MOEA) could improve its assessment of the FIT, which it had based on a report that the Taiwan Institute of Economic Research (TIER, □□□□□□□) had been commissioned to conduct at a cost of more than NT$20 million (US$649,140).

The assessment metric relies on receipts and does not fully reflect the true cost of solar projects, industry representatives said yesterday, with many tipping their hat to protesters in Paris by donning yellow reflective vests.

“Moving forward, the ministry will hold separate public hearings to iron out conflicting views on the processes for selecting solar project receipts,” Tseng told reporters on the sidelines of the hearing, following criticism that the TIER report was flawed and based on questionable data.

“Still, many are calling for a FIT cut as the cost of solar energy and its setup costs drop around the globe,” Tseng said.

Falling solar energy prices were the result of China’s so-called “May 31 New Policy,” which has exacerbated the dumping of solar modules worldwide, while prices have remained relatively unchanged in Taiwan, PV Generation System Association head Eric Kuo (□□□) said.

While money could be saved by using Chinese imports, the government should support locally made products, Kuo added.

A stable FIT would help local producers weather the price slump, which should subside in the near future, Kuo said.

Separately, Star Energy Corp (□□), a subcontractor for onshore deliverables, said at a public hearing for the wind energy industry that the FIT cut had begun to cause foreign developers to consider pulling out of Taiwan.

The government’s cut is too severe and does not reflect the costs of meeting Taiwan’s higher construction expenses due to climatic and geological conditions, in addition to local content requirements, foreign wind energy developers said.

While Taiwan has proposed to cut the FIT by 12.7 percent to NT$5.106 per unit over the next 20 years, France is offering rates equivalent to between NT$5.3 and NT$7.2 without local content requirements, Wpd Taiwan Energy Co Ltd (□□□□) said.

The ministry’s plan to cap the government’s purchase of offshore wind-generated energy to 3,600 operating hours per year would also deter companies from deploying the latest turbine technology, Wpd Taiwan said, adding that a cap of 72,000 operating hours per year should be set for the next two decades.

Orsted A/S said that the rate cut, implemented at such an early stage, would prevent Taiwan’s offshore wind projects from maturing and delivering clean energy at low prices once they enter the auction bidding phase.

A period of development helped by a stable FIT is required before offshore wind energy becomes cheaper, offshore wind energy developers said.