

Mr Andrew Lewis  
Executive General Manager  
Consumer, Markets and Analytics  
Australian Energy Market Commission  
60 Castlereagh St  
Sydney NSW 2000

*via online portal*

12 December 2024

Dear Mr Lewis,

## **Electricity pricing review for a consumer-driven future – Response to Consultation paper**

Evoenergy welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Consultation paper on its review of a consumer-driven future of electricity pricing, products and services.

Evoenergy owns and operates the electricity network in the ACT and the gas network in the ACT and surrounding region.

ACT residents are embracing the decentralisation of the energy supply chain through the uptake of consumer energy resources (CER). The elected ACT Government has legislated an ambitious target to achieve net-zero emissions by 2045 and over a quarter of Canberra households have already installed solar panels. As a result, Evoenergy is experiencing an unprecedented level of CER connecting to the network. This is expected to continue with embedded solar generation estimated to grow 300 per cent from current levels by 2045.<sup>1</sup>

Recent engagement with Evoenergy customers and other stakeholders<sup>2</sup> indicated a strong preference for tariffs designed to support the energy transition and uptake of renewable energy in the ACT. Crucially, stakeholders highlighted the importance of tariff simplicity and the ability for customers to respond to network price signals.

As part of Evoenergy's ongoing transition to a Distribution System Operator (DSO) we are focussed on effective CER integration to enable efficient utilisation of both customer and network assets. However, within the existing regulatory framework there exist some challenges to delivering network pricing signals that are easy to understand and enable customers to respond.

### **Simple price signals when passed through to customers can encourage efficient network utilisation**

Approximately 30 per cent of an average ACT customer's electricity bill is comprised of network costs.<sup>3</sup> But the extent to which customers can respond to network price signals is largely dependent on retailer willingness and ability to pass through Evoenergy's tariff structure.

Evoenergy recognises that retailers may not be able to pass-through complex tariffs due to high implementation costs, variability of network tariffs across distribution networks, and customer preferences for simple to understand retail tariffs. Nevertheless, we consider that network tariffs that are

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<sup>1</sup> Evoenergy EN24 Regulatory Proposal, *Appendix 1.5; Distributed Energy Resources (DER) Integration Strategy*, 2023, p. 7.

<sup>2</sup> Engagement undertaken to support the development of our 2024-29 electricity determination.

<sup>3</sup> ICRC 2024, *Final Report; Retail electricity price investigation 2024-27, Report 5 of 2024*, May 2024, p. 66.

simple and aimed at promoting efficient behaviour through network pricing incentives should endure through the supply chain.

**Energy distributors need more flexibility to respond to changing market conditions**

Under the National Electricity Rules (NER), distributors are required to submit a tariff structure statement (TSS) and demonstrate how that TSS aligns to the consumer pricing principles in the NER. Once approved by the AER, a TSS typically applies for a 5-year regulatory period. A TSS can only be amended if a distributor can demonstrate an event has occurred that was beyond their control and could not reasonably have been foreseen by a distributor at the time the current TSS was approved.

Evoenergy supports consideration being given to the appropriateness of such a high barrier to tariff innovation and distributor ability to respond to changing customer needs and/or market conditions within regulatory periods during this net-zero transition.

Evoenergy also considers it may be appropriate to review whether the existing consumer pricing principles are fit for purpose to support the energy transition.

In addition to the reflections above, Evoenergy supports the observations made by Energy Networks Australia in their submission to the AEMC and looks forward to continuing participation in the AEMC's electricity pricing review in 2025. Should you wish to further discuss matters raised in this submission, please contact Leah Ross, Economic Regulatory Manager at [leah.ross@evoenergy.com.au](mailto:leah.ross@evoenergy.com.au)

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Megan Willcox".

Megan Willcox  
General Manager – Economic Regulation