



**SACOSS' Submission to the Australian Energy Market
Commission's Consultation Paper on The Pricing Review:
Electricity Pricing for a 'consumer-driven future'**

December 2024

SACOSS' Submission to the Australian Energy Market Commission's Consultation Paper on The Pricing Review: Electricity Pricing for a 'consumer-driven future'.

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Introduction

The South Australian Council of Social Service is the peak non-government representative body for health and community services in South Australia, and has a vision of *Justice, Opportunity and Shared Wealth for all South Australians*. SACOSS does not accept poverty, inequity or injustice. Our mission is to be a powerful and representative voice that leads and supports our community to take actions that achieve our vision, and to hold to account governments, business, and communities for actions that disadvantage vulnerable South Australians.

SACOSS' purpose is to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life. We undertake policy and advocacy work in areas that specifically affect disadvantaged and low-income consumers in South Australia. With a strong history of community advocacy, SACOSS and its members aim to improve the quality of life for people disadvantaged by the inequities in our society.

SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities, like water and electricity, impacts greatly and disproportionately on people experiencing vulnerability and disadvantage.

SACOSS would like to thank the Australian Energy Market Commission (AEMC) for the opportunity to comment on the *Pricing Review: Electricity Pricing for a 'consumer driven future': Consultation Paper, (the Consultation Paper)*, dated 7 November 2024.¹ This Review represents a long-awaited opportunity for many of the unfair pricing issues negatively impacting low-income and disadvantaged South Australians to be acknowledged, examined and addressed by the AEMC. SACOSS is hopeful meaningful recommendations will be made for changes to current network and retail pricing arrangements that will result in more equitable energy cost outcomes for South Australian energy consumers.

That said, we are concerned about the underlying framing and questionable assumptions underpinning the Review that risk perpetuating current systemic inequities, and we have challenged some of those assumptions within this submission. Energy pricing and regulation should serve the fundamental need for fair, affordable, and accessible energy for all consumers rather than prioritising market dynamics or consumer "engagement" with the energy system.

The energy market is not, and should not be treated as, a conventional consumer market. Electricity is an essential service, not a luxury, and the regulatory framework must reflect this reality. This submission supports a transformative approach to the Review, with a foundation in equity and a practical understanding of consumer behaviour, rather than reliance on economic theories of competition, efficiency and price signaling.

¹ AEMC, [Pricing Review: Electricity Pricing for a 'consumer driven future': Consultation Paper](#), 7 November 2024

From the outset, SACOSS rejects the premise of a “consumer-driven” energy sector as framed in this review. There is a fundamental distinction between a consumer-driven sector and a consumer-focused sector. The former shifts responsibility onto consumers, expecting them to actively engage, make informed decisions, and drive market outcomes. The latter centers the system on delivering end benefits to consumers, ensuring fairness and affordability without requiring or expecting constant consumer engagement.

In terms of current negative pricing outcomes for low-income consumers, of particular concern to SACOSS is:

- the inequitable recovery of fixed network costs from high grid-consumption households (noting South Australia’s high penetration of roof-top solar), and
- the questionable rationale underpinning ‘cost-reflective tariffs’, leading to the wholesale transfer of South Australian smart meter households to TOU retail tariffs with no option to choose a simple flat-rate market offer.²

It is vitally important to SACOSS and South Australian energy consumers that the scope of this Review extend to addressing these issues. A narrow focus on CER orchestration and ‘efficient’ price signals risks perpetuating false assumptions about consumers in the energy market, as well as entrenching and exacerbated existing and future inequities in the allocation of fixed energy system costs, as well as energy market risks and benefits to South Australian households. Remembering that consumers bear all the costs and risks of the energy system.

Relevantly, SACOSS has recently made a submission to the Senate Select Committee on Energy Planning and Regulation (attached) pointing to the need for two new energy market objectives to better address the needs of energy consumers, the fairness of the market and the energy transition, namely:

- A social equity objective
- A consumer harm / risk minimisation objective: *‘To avoid exposing consumers to risks they are ill-equipped to understand, manage or price’*.³

We are calling on the AEMC to consider the attached submission and to include ‘social equity’ and ‘consumer harm / risk minimisation’ as overarching objectives within the ‘Assessment Framework’, to guide and test the electricity pricing structures contemplated by this Review.

We are also calling on the AEMC to have regard to the Dr Ron Ben David’s exploration of market and regulatory design measures in his July 2024 Paper [What if the Consumer Energy](#)

² SACOSS, [Annual Briefing to the Energy Minister](#), August 2024

³ Ron Ben-David from the Monash Business School, [What if the Consumer Energy Market Were Based on Reality Rather than Assumptions?](#), July 2024

[Market Were Based on Reality Rather than Assumptions?](#), with particular reference to the Truth Statements, the reasonableness of assumptions about human behaviour and the realities of tariff reform.⁴

More broadly, this submission will make some overarching comments on the scope and focus of the Review, including our concerns with many of the assumptions contained in the Consultation Paper, and will draw particular attention to the South Australian context. We will also aim to respond to the specific questions posed within the Consultation Paper.

SACOSS acknowledges our approach to responding to this Consultation Paper, in challenging assumptions and highlighting existing inequities, falls outside the ‘framing’ of the Review as purely future focused. However, energy pricing issues are of such central importance to the experience and lives of South Australians that we consider broader feedback and context is necessary.

⁴ Ron Ben-David from the Monash Business School, [What if the Consumer Energy Market Were Based on Reality Rather than Assumptions?](#), July 2024, pp. 46-47, 53-54 and 55-57.

Summary of Submission and Recommendations

In summary, SACOSS makes the following submissions and recommendations in response to the Consultation Paper:

Overarching Objectives

- 1. Prioritise Fairness, Equity, and Consumer Risk Minimisation**
 - a. Make fairness and equity central to all pricing proposals.
 - b. Test all options against criteria to assess inequitable impacts and consumer risk exposure.
- 2. Adopt Reality-Based Assumptions**
 - a. Avoid assumptions about consumer engagement, responsiveness to price signals, and mobility between pricing categories without robust evidence. Do not rely solely on economic theories.
- 3. Focus on Simplicity and Accessibility**
 - a. Ensure energy pricing structures and consumer options are easy to understand and navigate.
- 4. Emphasise Equity in Cost Recovery**
 - a. Develop equitable frameworks for recovering network costs, avoiding disproportionate burdens on low-income households.

Tariff and Pricing Design

- 5. Oppose Mandatory Time-of-Use (TOU) Tariffs**
 - a. Allow households to opt into TOU tariffs instead of being automatically transferred.
 - b. Address the inequitable impacts of TOU tariffs on vulnerable consumers.
- 6. Reassess Cost-Reflective Tariffs**
 - a. Challenge the assumption that current cost-reflective tariffs drive network cost reductions.
 - b. Base default network tariffs on realistic consumer behaviour and energy usage.
- 7. Implement Income-Based Fixed Charges**
 - a. Explore income-based fixed-rate structures to ensure proportional contributions from higher-income households while protecting affordability for low-income groups.

Addressing Consumer Engagement and Market Complexity

- 8. Shift Focus from Engagement to Outcomes**
 - a. Design the energy market to deliver affordability and reliability without relying on high levels of consumer engagement.
- 9. Simplify Retail Offers**

- a. Ensure transparency in pricing structures and eliminate overly complex retail offers.
- b. Regulate to make switching and comparing offers straightforward, while recognising that the benefits of switching have often been overstated.

Addressing Inequities in the Energy Transition

10. Equitably Distribute Costs of Innovation

- a. Prevent residential consumers from shouldering the costs of new technologies under the guise of innovation.
- b. Shift costs to those who directly benefit, such as businesses and higher-income households, or the organisations developing the technologies themselves.

11. Incorporate Social Equity and Risk Minimisation Goals

- a. Embed these as overarching objectives within the assessment framework for future pricing structures.

12. Address the Energy Divide

- a. Ensure the benefits of electrification and renewable energy access are not limited to wealthier households.

Transparency and Evidence-Based Policy

13. Conduct Research on Assumptions and Impacts

- a. Provide evidence on the effectiveness of TOU tariffs, cost-reflective pricing, and consumer engagement benefits.

14. Review Cost Recovery Mechanisms

- a. Analyse current inequities in recovering network and jurisdictional scheme costs, particularly impacts on low-income households.

15. Ensure Transparent and Accountable Cost Allocation

- a. Hold energy supply businesses accountable for their costs and avoid passing inefficiencies onto consumers.

These recommendations reflect SACOSS's call for a transformative, equity-focused approach to energy pricing that prioritizes consumer needs and ensures fair outcomes in a transitioning energy market.

Challenging assumptions underpinning the Review

SACOSS acknowledges the ‘future focus’ of the Review, but challenges many of the assumptions driving the Review’s emphasis on consumer engagement, system benefits from improved CER orchestration and household benefits from TOU pricing (as detailed in the Consultation Paper and the Terms of Reference for this Review).

In particular, we question the following assumptions underpinning the Consultation Paper and Terms of Reference:

That consumers will respond to price signals

Energy prices are largely inelastic.^{5 6}

That ‘cost reflective’ network tariffs are cost reflective⁷

South Australian smart meter households are exposed to a 14-hour daily ‘peak’ period from 6am to 10am and 3pm to 1am, which is not reflective of actual weather-driven network peak demand. SAPN’s utilisation of network capacity is around 55%⁸ and the majority of increased network costs for 2025-30 relate to Repex, not Augex. The biggest network cost impact for customers is the rate of return on the Regulatory Asset Base (fixed costs) and level of grid usage. As the ECA highlights in their report *Cost Reflective Network Tariffs Aren’t Very Cost Reflective*⁹, reducing networks costs through pricing does not require all customers to be exposed to the signals – the option of course still remains for interested consumers to opt in to more dynamic pricing if they see a clear value proposition. This position is also supported by the Australian Energy Council.¹⁰

That households without CER will benefit from the opportunity ‘to use energy more flexibly and efficiently’, e.g. by using appliances when energy costs are lower

Research clearly shows that TOU tariffs do not benefit households, particularly low-income households, people living with disabilities and carers.¹¹ Mandatory TOU Retail tariffs represent an additional burden for households to deal with in the midst of an energy transformation and affordability crisis.

We know that energy is largely inelastic, households cannot and do not respond to economic price signals, and will simply be punished by higher prices at peak periods. As noted in a recent Guardian article, even extremely engaged consumers find it too

⁵ SACOSS, [Energy Price Elasticity: Briefing Note](#), August 2023

⁶ Kelly Burns and Bruce Mountain, Victorian Energy Policy Centre, [‘Do Households respond to Time-of-Use tariffs? Evidence from Australia’](#), VEPC Working Paper WP2001, June 2020

⁷ Energy Consumers Australia, [‘Cost-reflective network tariffs aren’t very cost reflective’](#)

⁸ AER, [State of the Energy Market Report 2024](#), p.11

⁹ ECA (2024) *Cost reflective network tariffs aren’t very cost reflective*

¹⁰ Australian Energy Council (2024) [Cost Reflective Tariffs: The Disconnect Between Theory and Reality](#)

¹¹ SACOSS, [Submission to the AEMC on Draft Rule Determination: Accelerating Smart Meter Deployment](#), 3 June 2024

challenging to change usage patterns.¹² If a super-engaged consumer with smart appliances and solar cannot shift usage patterns, how can a large family living in rental accommodation in inadequate housing with inefficient, old appliances be expected to ‘consider how to adjust their usage’ and ‘make investments’ in household appliances. This is simply unrealistic and unachievable - to assume otherwise is oppressive.

Further, the TOU retail tariffs passed onto households do not reflect the percentages of the underlying network tariff. SACOSS is yet to see a ‘solar sponge’ tariff (applies for five hours of the day: 10am – 3pm) that is 25% of the flat rate, and we have seen punitive peak 14-hour pricing that is double the flat rate price.

That additional incentives / rewards for CER households to ‘support the grid’ will result in benefits for all consumers through ‘lower system costs’ including reduced network Augex and lower wholesale costs

Augex is not the biggest driver of DNSP expenditure in South Australia, and additional TNSP infrastructure is being proposed on the basis of exporting excess rooftop PV generation to support increased (forecast) industrial load in the north of the State. Future TNSP costs in SA are not being driven by peak demand from residential consumers, in fact overall residential grid-demand is declining in South Australia and the transmission network is often being used to export excess generation, not deliver it.

Regarding wholesale costs, low liquidity and market volatility drive retailers to hedge wholesale cost risks in South Australia, increasing contract prices and costs to consumers. SACOSS questions whether the benefits of a more equitable distribution of fixed network system costs and energy efficiency mandates have been analysed and compared to the oft-stated reduced system costs benefits for *all* consumers as a result of CER orchestration?

That ‘consumer preferences’ equate to consumer behaviour

What consumers say they want, and what they actually do are two different things. The AEMC must have regard to actual consumer behaviour.

That if consumers engage in the energy market, they will benefit

Customer engagement cannot be an expectation that underpins the development of pricing structures or appropriate consumer protections. Energy consumers are regularly told by retailers, governments, market bodies and others that if they ‘engage’ with energy markets they will be better off. One example presented is switching retailers: at any point of time there will be a ‘market offer’ that is apparently cheaper than their current electricity tariff, so switching to a better deal will, a priori, leave customers better off.

Even in circumstances where a customer does engage in the market, switching or ‘churning’ doesn’t guarantee a better plan for the long-term. A customer may sign up to an ‘acquisition offer’ and then be changed to a more expensive plan with only 5 days’ notice.¹³ The reality is

¹² [I gamified Australia’s power industry – and learned just how weird and perverse it can be | Nick Miller | The Guardian](#)

¹³ NERR, Rule 46(4)(a)

that many customers who engage (switch), are left no better off, or even worse off. There are many reasons for this, a major reason being that the conditions for any market offer can and do change frequently. So today's best offer is often a poor option within months of a customer switching.

SACOSS is unaware of credible research that demonstrates clearly, ex ante, that customers who switch are better off, over 6 months, a year or even 2 years. Credible research of this nature is urgently needed to show that 'today's best offer' is still a very good offer in 12 months' time. Until engaging with energy markets can be clearly demonstrated to genuinely benefit customers for a reasonable amount of time after 'engaging,' consumer trust in energy markets will continue to decline. Calls for consumers to 'engage more' also need to factor-in the transactions costs that are borne by consumers in engaging, including: time, search costs, IT and data costs, information asymmetry, which, if monetised, would likely be significant.

SACOSS members who provide Financial Counselling services also report that many clients who are facing considerable payment difficulties and who do 'engage' with retailers, find the experience traumatic, as they may be provided with options, including payment plans, that are completely unrealistic for their circumstances. Again we reiterate, until almost all consumers who 'engage' end up being unequivocally better off and better off for at least one year, preferably two years, then calls to 'engage more' will generate even more mistrust.

Expecting consumers to engage beyond simply using and paying for energy is unrealistic, and is not the basis upon which pricing structures should be designed or applied to all households.

That more competition in the market will produce better outcomes for consumers

Ever since the "Parer review" of 2002, Australian Energy consumers have been promised that cheaper energy will result from a greater application of competition policy. The following chart from the AER's 2023 *State of the Energy Market report*¹⁴ 2023 (Figure 1), shows the annual growth in electricity and gas prices, compared to changes in average income from 2006-2022. Since 2009 electricity prices have risen much more quickly than incomes.

¹⁴ AER. [State of the energy market 2023](#), p.235

Figure 7.9 Energy prices and income

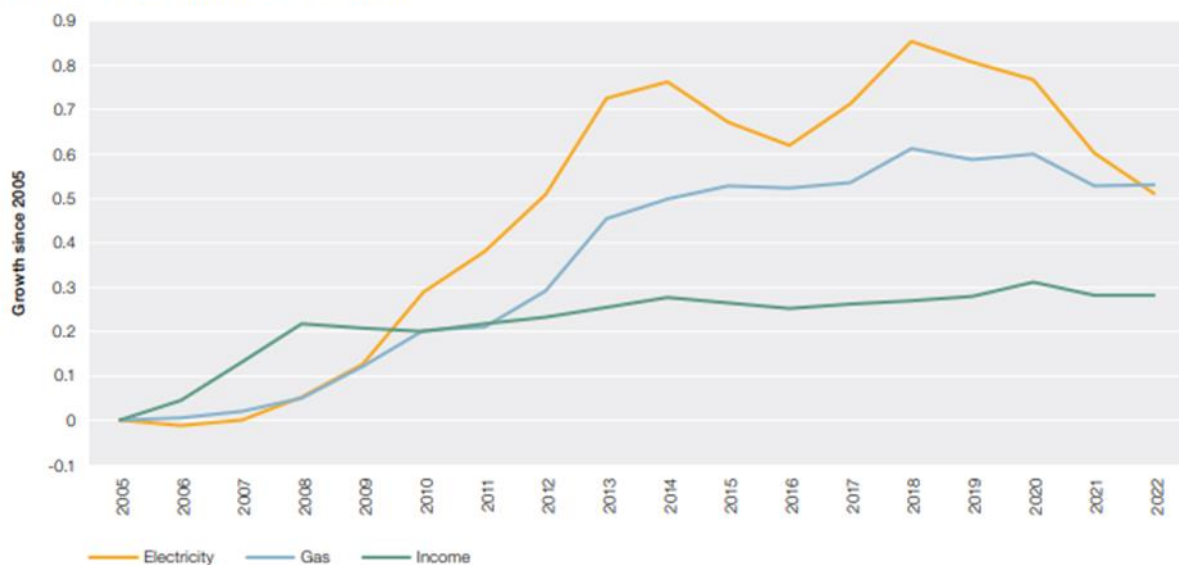


Figure 1: Energy Prices and Income. Source: AER, 2023¹⁵

The second chart from Statista¹⁶ (Figure 2) shows annual indexed electricity and gas price rises between 1990 and 2018, with the rise in electricity prices clearly growing more quickly after the 'Parer competition reforms' were introduced.

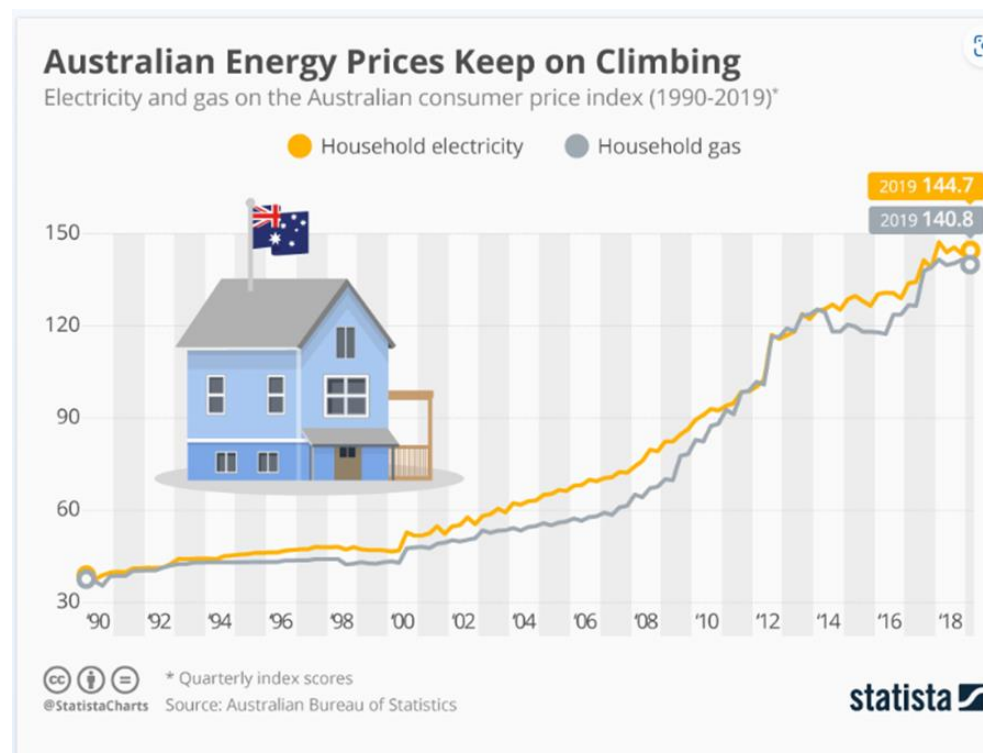


Figure 2: Australian Energy Prices. Source: Statista, 2019

¹⁵ AER. [State of the energy market 2023](#), p.235

¹⁶ [Chart: Australian Energy Prices Keep on Climbing | Statista](#)

Over two decades of energy markets being bound to a version of competition policy has resulted in ever higher electricity prices for customers. The promise to customers of more competition yielding cheaper energy has not been delivered and not been delivered over an extended period of time.

Energy rules and policy cannot continue to apply simple competition policies to energy markets and expect consumers to accept the flawed outcomes. This is not to disregard competition policy and the desire for competitive markets to apply, the reality is that energy markets in Australia are more oligopolistic than competitive with a number of market failures applying. The Pricing Review must take into account the impacts of market failures, as well as policy failures and recognise the realities of oligopoly markets applying. There is good economic literature about suitable policies that apply to these settings.

That energy customers' only objective is to minimise their energy costs

Many energy consumers say that they are prepared to pay a contribution to policies and practices that reduce climate change impacts. SACOSS experience is that there are also many customers who are prepared to pay a little more themselves if others in their community benefit.

The pricing review needs to take consumer behaviours into account and not assume that energy consumers are simply price minimizing individuals.

That households and businesses only need to engage with energy markets

Households and businesses are not just electricity customers, the costs of 'engaging' in energy markets, in money, time and frustration, also apply to many other services that people need to purchase, including water, health insurance, mobile phone plan, internet, house and car insurance, email service provider etc. There are substantial time and cash costs to engaging across required services. These need to be understood and taken into account when considering customer relationships with energy markets.

Challenging these assumptions is not only important for grounding the direction and focus of the Pricing Review in reality, but it is also important to challenge the narratives promoted by energy businesses, technology providers and market bodies. SACOSS considers further research, data and analysis is required to establish an evidence base for many of the assumptions about costs, benefits and behaviours made in current tariff design.¹⁷

¹⁷ For example, with over 300,000 households on TOU tariffs in SA, can SAPN point to changes in consumer behaviour / grid demand? If so, what are the flow-on cost benefits to consumers as compared to risks and negative impacts?

The South Australian Context

Whilst acknowledging the future focus of the Review, SACOSS considers it remains important to provide an overview of the current South Australian context. This is particularly important to consider as it provides some insight into what a future energy system might look like, given the high penetration of renewables and TOU tariffs in South Australia. SACOSS believes there are lessons to be learned from the South Australian experience that would be beneficial in the context of this review.

Renewable energy in SA

- In 2022-23, renewable energy provided 73.7% of South Australia's total electricity production.¹⁸
- The International Energy Agency recognised South Australia as one of two regions in the world to have reached Phase 5 (of six Phases) of integrating wind and solar energy into the grid (the other region was Denmark).¹⁹
- South Australia is expecting to achieve net 100% renewable electricity generation by 2027.
- Around 370,000 homes and businesses have installed rooftop solar, more than one in three premises (40%), with a combined panel capacity of 2.5 GW.²⁰
- SAPN is predicting more than 60% of homes will have rooftop solar by 2030,²¹
- Up to December 31, 2023, the distribution network experienced 74 days with negative demand, including a new record of -412MW on December 31, 2023. This was also the first time state-wide operational demand in South Australia was negative.²²
- Rooftop Solar has provided over 100% of grid demand in SA on multiple occasions, and as recently as 17 November 2024.²³ Notably, the ENA's 2017 *Electricity Network Transformation Roadmap* (cited in the Review's Terms of Reference) refers to 'a future where 45% of electricity is generated by customers in 2050'.²⁴

¹⁸ AEMO, [2023 South Australian Electricity Report](#), November 2023

¹⁹ International Energy Agency, [Integrating Solar and Wind – Global Experience and Emerging Challenges](#), September 2024

²⁰ SAPN, [Tariff Structure Statement Part B - Attachment 18](#), SAPN, [Revised 2025-30 Regulatory Proposal](#), December 2024

²¹ [SA Power Networks 2025-30 Regulatory Proposal Overview](#), January 2024, p. 50

²² SAPN, [Tariff Structure Statement Part B - Attachment 18](#)

²³ https://reneweconomy.com.au/rooftop-solar-meets-107-5-pct-of-south-australias-demand-no-emergency-measures-needed/#google_vignette

²⁴ ENA, [Electricity Network Transformation Roadmap](#), 2017 p. i

- In recent years, the distribution network has increasingly become a net exporter of electricity into the transmission system at certain times of the day.²⁵

Wholesale Market

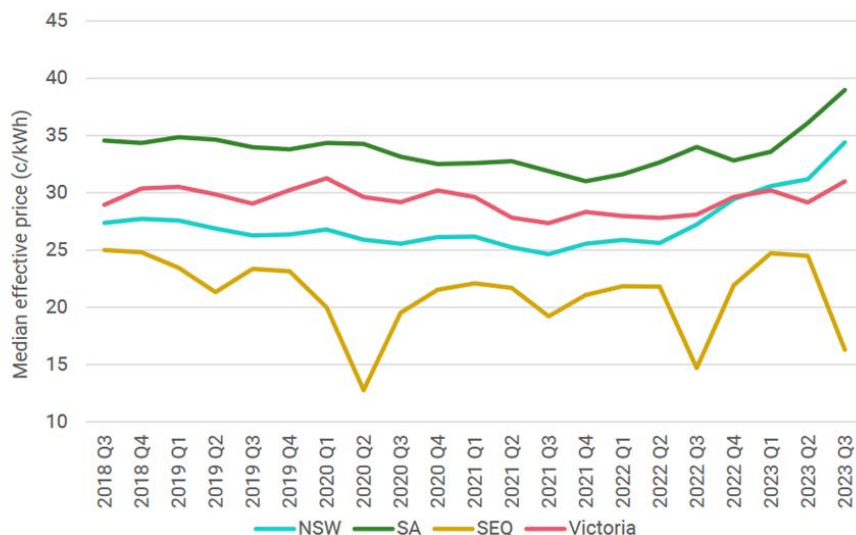
- The AER's recent Wholesale Markets Report²⁶ for Q3 2024 shows that average volume weighted prices in SA increased by 35% in the last quarter and were up 76% on Q3 2023.²⁷
- SA had the highest average quarterly wholesale price in the NEM for Q3 2024. SA also accounted for half (27) of the 54 high price periods (exceeding \$5,000 per MWh) in Q3, and also 30% of **negative** price intervals.

Electricity Prices

- South Australian households continue to face the highest per unit electricity costs in the Nation (See Figures 3 and 4).
- Median Market Offers in SA increased by 16% in 2023/24 - the biggest increase of all jurisdictions. The Default Market Offer (standing offer price cap) increased by 24% in SA in 2023/24, and only reduced by 2.2% in 2024/25.

Figure 3.1: Residential customers paid higher effective prices in all regions except South East Queensland

Median effective prices paid by residential customers by region, all quarters, from quarter 3 of 2018 to quarter 3 of 2023



Source: ACCC analysis of retailer billing data. Nominal dollars, excluding GST.

Figure 3: Median effective price per unit. Source: ACCC, 2024²⁸

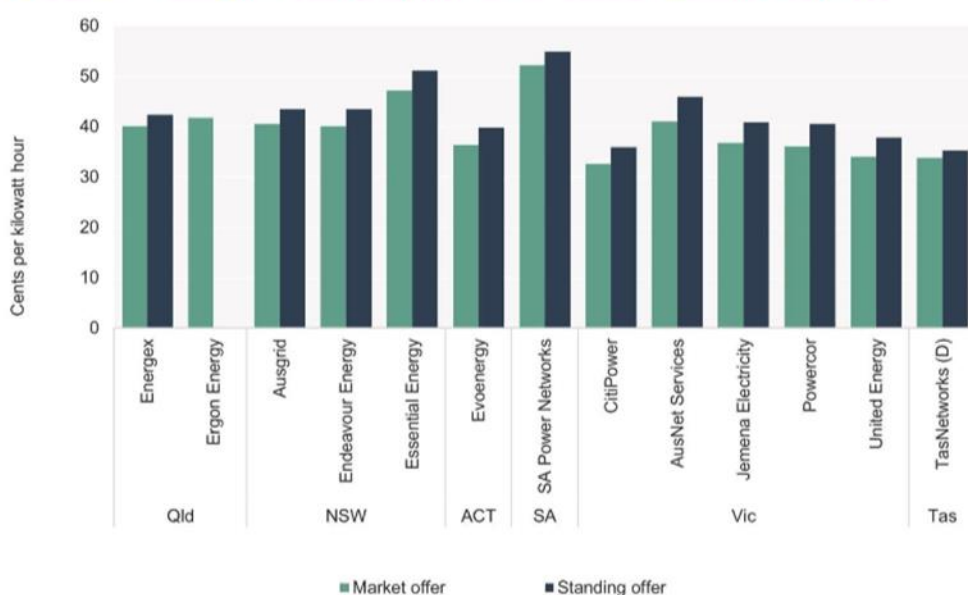
²⁵ SAPN, [Tariff Structure Statement Part B - Attachment 18](#)

²⁶ AER, [Wholesale Market Report Q3 2024](#), October 2024

²⁷ AER, [Quarterly Wholesale Markets Report Q3 2024](#),

²⁸ ACCC, [Inquiry into the National Electricity Market](#), June 2024, p. 28

Figure 2.2 Residential electricity median market and standing offer prices



Note: Offer data as at September 2024. Based on single rate offers for residential customers and average consumption in each electricity distribution network for 2023–24. Due to a different regulatory framework, there are no market offers in the Ergon Energy distribution zone. The regulated price has been used as a proxy of the market offer for Ergon Energy.

Source: AER analysis using offer data from Energy Made Easy and Victorian Energy Compare. Consumption based on Economic Benchmarking RIN responses.

Figure 4: Median electricity market and standing offer prices. Source: AER, 2024²⁹

Electricity Usage

- The AER's *Annual Retail Market Report* for 2023/24³⁰ found that South Australia had the **lowest average annual household electricity usage in the nation due to high rooftop solar penetration** (SA is 4,237kWh, and Tasmania is 7,855 kWh – **85% higher than SA**). The AER used a model annual usage of 4,000 kWh (or around 1,000kWh a quarter) to determine Default Market Offer (DMO) 6 for South Australia.
- Victoria also has low average energy usage (4,462 kWh) but this is largely due to the higher average annual gas usage per customer (around 40,000 metajoules in Vic compared to SA's 14,303 metajoules).
- The ACCC's data (from billing information) shows the median grid usage for SA hardship customers (not on a concession) for 2022-23 was 7,684 kWh, with hardship customers on the 75th percentile using 11,035 kWh in that year. The median usage of an SA hardship customer was **66% higher** than the median usage of a South Australian residential customer in 2022-23, leading to much higher bills. For

²⁹ AER, [Annual Retail Markets Performance Report 2023/24](#), 30 November 2024, p.32

³⁰ AER, [Annual Retail Markets Performance Report 2023/24](#), 30 November 2024

customers on a payment plan (not receiving a concession) median usage was 6,686 kWh for 2022-23 and up to 9,535 kWh for the 75th percentile.

Figure A3.21: Annual grid usage by residential customer groups in SA

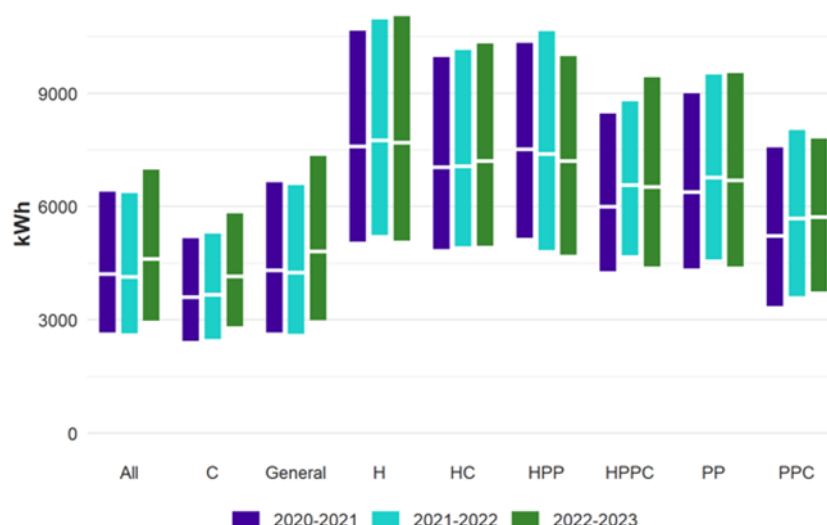


Figure 5: Annual Grid usage by customer group. Source: ACCC, June 2024³¹

- Looking at usage on a quarterly basis, for quarter 3 in South Australia across 2020 – 2023, the median grid consumption for all South Australian residential customers in Q3 2023 was 1047 kWh. For customers not in the other identified groups (not hardship customers, concession customers or payment plan customers etc.), median usage was 1061kWh (about the same as the AER’s average annual usage). For customers on a hardship plan in South Australia, the median usage for Q3 2023 was 1,960 kWh, **or 84% higher** than customers not in the other identified groups.
- Residential ‘delivered’ (through the transmission grid) electricity is predicted to decline in South Australia through to 2052-53, with the majority supplied by rooftop solar (see: Figure 6, below).

³¹ ACCC, [Inquiry into the National Electricity Market Report](#), June 2024, Appendix E

Figure 66 Components of South Australia residential electricity consumption forecast, ESOO Central scenario, 2024-25 to 2053-54 (TWh)

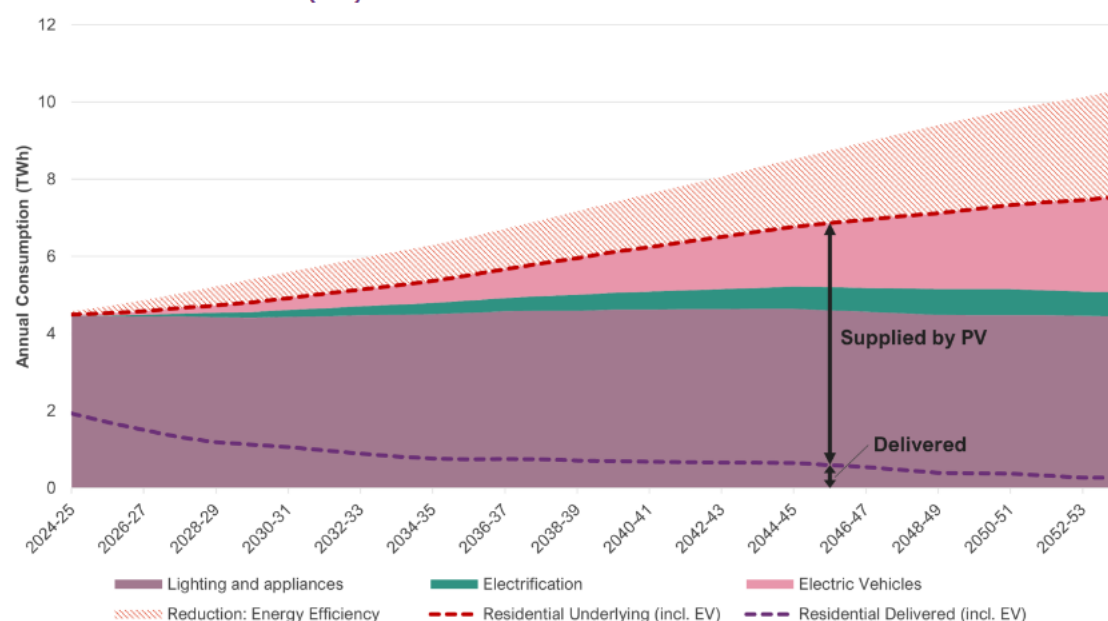


Figure 6: Residential Electricity Consumption Forecast. Source: AEMO, 2024³²

Energy debt and payment difficulty

- South Australia has the highest average residential energy debt in NEM jurisdictions. South Australia has had the highest levels of average residential energy debt for the past 3 financial years.³³
- The average energy debt of (non-hardship) residential customers in SA is \$1,522 (up from \$1,256 in 2022-23), \$374 above the National average of \$1,148. Average energy debt of (non-hardship) residential customers in SA has increased by 21% or \$266 in 12 months.³⁴
- Even with government energy bill relief, the number of customers repaying energy debt has increased over the past two years from 23,182 in 2021/22, to 27,380 in 2023/24 (up by 18%).³⁵
- Average debt of hardship customers in SA has decreased in the last 12 months – from \$2,402 in 2022/23, to \$2,174 in 2023/24, but is still \$487 above the National average of \$1,687 (and is up \$311 from pre-pandemic levels of \$1,863 in 2018-19).³⁶

³² AEMO, [2024 ESOO](#), p. 140

³³ AER, [Annual Retail Markets Performance Report 2023/24](#), 30 November 2024

³⁴ AER, [Q4 2023/24 Retail Markets Data](#), 30 November 2024

³⁵ AER, [Q4 2023/24 Retail Markets Data](#), 30 November 2024

³⁶ AER, [Q4 2023/24 Retail Markets Data](#), 30 November 2024

Time of Use (TOU) Tariffs

- In total, the percentage of smart meter customers in SA on a time of use or flexible tariff, with an underlying distributor-based time of use or flexible network tariff, has increased from 3.6% in 2020/21 to **84.6%** in Q4 2023/24:
 - 91.5% of AGL's smart meter customers in SA are on a TOU retail tariff
 - 95.6% of Alinta's smart meter customers in SA are on a TOU retail tariff
 - 100% of Origin's smart meter customers in SA are on a TOU retail tariff
 - 29.1% of Simply Energy smart meter customers are on a TOU retail tariff
- The AER's Default Market Offer 2024-25 Final Determination shows there are 45.74% of customers with advanced (smart) meters in SA (359,247 customers). Therefore, around 39% of ALL energy customers (or 298,175 customers) are currently on time of use (TOU) retail tariffs in South Australia, and SACOSS suggests many of these households do not know they are on a TOU, and even if they do know, cannot change energy usage patterns and are at risk of experiencing extreme bill shock. The major retailers do not offer a flat rate market offer for smart meter households in this State.

In summary, South Australia has:

- very high solar PV penetration;
- the highest price per unit of electricity in the nation;
- the lowest **average** annual grid usage in the nation (arguably due to solar PV penetration);
- extremely high hardship household grid usage;
- declining overall grid consumption;
- increasing jurisdictional scheme costs;
- changing network utilisation;
- high levels of energy debt, hardship and payment difficulty;
- 40% of households on TOU tariffs they didn't consent to; and
- no option of a flat rate market offer for smart meter households.

SACOSS strongly submits that a focus on reviewing pricing to achieve equitable network cost recovery and access to a flat-rate market offers for smart meter households will better protect South Australian low-income households from unfair energy pricing impacts, both now and into the future.

Consultation Questions

Approach to the Review

Question 1: Do you consider that we should make any changes to our proposed approach to this review?

SACOSS supports a future focus of the Review, but we question whether the leap to examining proposed offers and regulatory barriers is a step too far at this stage of the process. We believe it remains important, and useful, to properly examine the drivers of inequitable cost outcomes, to acknowledge the negative impact of market design on households and to thoroughly examine the assumptions underpinning the focus of the Review. Removing the 'Issues Paper' stage of the consultation process has proven challenging in developing this submission, as we cannot appropriately respond to the questions in the Consultation Paper without first acknowledging many of the pricing, market and structural issues facing energy consumers in this State.

For South Australian households and small businesses, the future **is** now, and we are seeing:

- a growing energy divide between those who can afford CER and those who cannot (or those who can avoid grid consumption and those who cannot),
- increased jurisdictional scheme costs (inequitably recovered through network tariffs) to underwrite generation,³⁷
- increased wholesale costs due to market volatility and low liquidity,
- bill shock for households placed unwillingly on complex TOU tariffs and facing unavoidable 14-hour peak periods on extremely high retail tariffs, and
- the removal of flat-rate market offers for smart meter households by the biggest retailers.

Importantly for SACOSS, the costs and risks of the changing energy system are being inequitably borne by those who can least afford it, leading to increased energy debt levels, hardship and electricity that is simply unaffordable for many households. This impact is magnified by the regressive nature of energy costs; we estimate low-income hardship households may be paying more than 10% of their income on electricity (having regard to SA hardship household usage, price per unit and low income). This Review of electricity pricing represents an important opportunity to ensure energy pricing is fair, 'fit for purpose' and reflects the changing energy system.

We support ongoing stakeholder input in informing the AEMC's approach to the Review, and we repeat our call for the AEMC to ensure the Review remains broad and responsive enough to enable meaningful recommendations to be made on pricing in 2026.

³⁷ Department for Energy and Mining, [Firm Energy Reliability Mechanism Consultation Paper](#), November 2024

We also repeat our call that fairness, equity and risk minimisation in energy pricing should be the overarching objective of the Review, against which all pricing options should be thoroughly tested.

Consumer Preference Principles

Question 2: What are your views on our proposed Consumer Preference Principles?

- Are you aware of additional existing research that could help us refine the CPPs?
- How might the CPPs help us in assessing whether our decisions will lead to good consumer outcomes?

SACOSS believes that these principles require further refinement and alignment with the reality of consumer experiences, particularly in achieving equity and affordability for all.

Refinements to the Consumer Preference Principles

We suggest focusing on the following as priorities for refinement of the CPPs:

1. Focus on Consumer Needs and Outcomes

The emphasis on consumer ‘preferences’ risks oversimplifying the complexities of current and future energy markets and consumer behaviour. Preferences are often shaped by constraints, such as affordability and accessibility, which may not reflect genuine consumer needs. The principles must prioritise what consumers need and the outcomes they want to achieve, including affordability, equity, and sustainability.

2. Clarity of Purpose

The CPPs should explicitly serve as a guide for tariff design, pricing structures, and regulatory arrangements. However, the consultation paper also states that “the CPPs are not principles in the normative sense, which is to say they are not designed to capture a market, system, or regulatory design objective. Rather, they are principles that will be applied to test the appropriateness of potential regulatory solutions, from the customer’s viewpoint”.

It is unclear what the distinction between the uses outlined would or should be, and further why these are referred to as principles if they are not intended to act as such and should form (possibly) part of some sort of assessment framework instead.

3. Language

SACOSS suggests that “value for money” is not an appropriate or accurate principle, particularly as the first principle. Price and Affordability would be a more accurate representation of a principle that consumers want to underpin an energy regulatory framework and pricing design.

“Value for money” is a poor analogue for price and affordability and is problematic for several reasons. Framing energy in terms of “value for money” assumes a consumer has the option to adjust consumption or switch products based on perceived value, which is

not realistic for essential services. Further, affordability is context-dependent; “value for money” implies a balance between cost and quality or utility, but this balance is irrelevant if the price is unaffordable. For low-income households, the affordability threshold matters more than the perceived value of the service. It should also be considered that households in financial stress may still face unaffordable energy bills even if the service delivers “good value” in a general sense.

SACOSS also notes that in competitive markets, “value for money” reflects consumer choice and market competition – however, energy markets often lack meaningful consumer choice as many consumers are locked into limited options due to location, tenancy type, or lack of access to distributed energy resources (DER) like rooftop solar. Even where choice exists, complexity and information asymmetry can prevent consumers from effectively assessing “value”. Energy pricing includes fixed charges, variable rates, and sometimes demand charges which are not easily understood by consumers, making it difficult to assess “value for money”. Externalities like carbon emissions, environmental degradation, or subsidies further obscure the relationship between price and the “value” of energy consumption.

As the energy system transitions to renewables, the costs of new infrastructure and technologies have so far been socialized unevenly, disproportionately impacting vulnerable households. While we hope a future regulatory framework addresses this issue, the consideration of “value for money” in such a framework fails to address these distributional inequities. Energy affordability policies must balance not just consumer pricing but also equity, sustainability, and social welfare outcomes. These broader objectives are outside the scope of “value for money” evaluations, which focus on an immediate and limited consumer perspective.

Additional elements for inclusion in the Consumer Preference Principles

To better reflect consumer needs and outcomes, SACOSS recommends incorporating the following elements into the CPPs:

- ***Equity and Fairness***
Energy systems should ensure that all consumers are treated fairly and decently. This includes recognizing and addressing systemic inequities, such as higher energy costs for low-income households and barriers to access for vulnerable groups. Tariff designs must prioritize equity over market efficiency to ensure affordable and reliable energy for all.
- ***Climate***
Consumers increasingly expect action to address climate change. Energy systems and pricing frameworks must incentivise decarbonisation and the transition to net-zero emissions. This aligns with consumer values and long-term sustainability goals.
- ***Community***

Energy reforms should strengthen local communities by ensuring that all members contribute to and benefit from the transition to a low-carbon future. Community-focused principles promote shared ownership, local investment, and equitable access to energy resources and benefits.

Evaluating the Consumer Preference Principles

To evaluate whether decisions lead to good consumer outcomes, the CPPs must:

- **Measure Equity and Affordability**
Ensure that principles address affordability and equity explicitly, with metrics to assess the impact of decisions on vulnerable and low-income households.
- **Incorporate Long-Term Outcomes**
Focus on sustainable outcomes, such as reduced greenhouse gas emissions, increased energy resilience, and fair cost allocation for the energy transition.
- **Promote Accessibility and Equitable Use**
Assess whether decisions ensure universal access to and use of affordable energy services and reduce barriers for disadvantaged groups. We think it is important to distinguish use from access, as people may technically have access to energy (and energy that is considered affordable) but may face additional barriers to using it, or using as much as they need to maintain their health, wellbeing, and dignity.

Additional research to refine the Consumer Preference Principles

Existing research that could help refine the CPPs includes:

- Studies on consumer vulnerability and affordability in energy markets.
- Insights from behavioural economics on consumer decision-making under constraints.
- Reports on the social impacts of energy transitions, particularly on low-income and disadvantaged communities (for example, particularly in the context of dynamic response, we suggest looking at *The impact of dynamic response on low income customers: an analysis of the IEE Whitepaper*³⁸ as well as *SACOSS' submission to South Australia's Green Paper on the Energy Transition*³⁹).
- Research on the future of tariff and market design (we recommend *Future-proof tariff design: recovering sunk grid costs in a world where consumers are pushing back*).⁴⁰

³⁸ Brockway and Hornby (2010), [The impact of Dynamic Pricing on Low-Income Customers: An Analysis of the IEE Whitepaper](#)

³⁹ SACOSS (2023), [SACOSS Submission to South Australia's Green Paper on the Energy Transition](#)

⁴⁰ Schittekatte, Momber and Meeus (2018), [Future-proof tariff design: recovering sunk grid costs in a world where consumers are pushing back](#)

- Climate-focused consumer research highlighting public support for decarbonisation initiatives and impact of climate considerations on decision making (as an example, this is considered in *Consumer viewpoint on a new kind of energy market*).⁴¹

By incorporating these elements, the AEMC's CPPs can better reflect the needs and values of all consumers, particularly those most at risk of being left behind in the energy transition and under a new regulatory and pricing framework.

Consumer Archetypes

Question 3: What are your views on our proposed Consumer Archetypes?

For the purposes of this review:

- Do the Consumer Archetypes capture the diversity of future energy consumers?
- Do you agree that engagement is the primary axis of differentiation among electricity customers?

SACOSS has concerns that the proposed consumer archetypes may not accurately capture the diversity and complexity of future energy consumers. While we understand the intention behind this categorisation, we believe it may not be the most suitable framework for the context of this review. The archetypes appear to reflect assumptions rooted in the current market, potentially perpetuating its shortcomings. We also question whether subjective assessments of preferences, psychology, and interest are appropriate as a foundation for a regulatory and pricing framework. This approach raises several important concerns:

Unclear Representation

The archetypes lack clarity regarding the proportion of consumers within each category. For example, if the majority of consumers fall into the "Behind Barriers" or "Not to be Left Behind" categories, it is unclear why the proposed pricing approach appears to prioritise "Embracers." This focus risks neglecting the needs of the majority of consumers who face resource constraints or disengagement from the market. Further, consumer diversity and the factors that drive their behaviour and decision making goes well beyond engagement. These other factors, such as age, income, location, tenure type etc. need to also be considered as part of this review.

Alternative Frameworks

SACOSS suggests that categorising consumers based on their ability to afford and access energy products and services would provide a more accurate and practical lens. This

⁴¹ Immonen, Kiljander and Aro (2020), [Consumer viewpoint on a new kind of energy market](#)

approach aligns with insights from our ministerial briefings⁴², which highlight affordability and access as key differentiators among energy consumers.

Flawed Assumptions of Mobility Between Archetypes

The assumption that consumers can move fluidly between archetypes over time is problematic. For people on low incomes or living in poverty, opportunities to transition into more resourced or engaged categories are extremely limited. This assumption risks misrepresenting the structural barriers many consumers face.

Engagement as a Differentiation Axis

SACOSS firmly rejects the idea that engagement should be the primary axis of differentiation among electricity consumers. It is not a reasonable or realistic expectation to have of most consumers that they will be (and want to be) highly engaged in the energy market – and there is little evidence to suggest that high engagement leads to better outcomes for consumers. Indeed, even where offers to consumers for switching or engaging are cheaper or more appealing initially, they often change in the long-run, delivering little if any benefit to the consumer even where they’ve done everything ‘right’ and engaged with the market⁴³. Most consumers are not interested in, nor equipped for, active market participation or optimising energy use. The assumption that consumers desire greater engagement misunderstands their needs and priorities, which typically revolve around simplicity, predictability, reliability, and affordability. As Dr Ron Ben-David notes, designing systems based on false assumptions about consumer behaviour perpetuates inequity and inefficiency⁴⁴. Most consumers are not, nor should they be expected to become, active traders or managers of energy decisions.

There is ample evidence showing that market engagement is not a consumer priority. An Oxford study examining electricity market liberalisation in the UK—similar to Australia’s timeline and approach—found that assumptions of consumer behaviour were flawed. Barriers such as market complexity, transaction costs, and behavioural biases limit consumer participation⁴⁵. Most consumers are not actively engaged in the energy market, and uptake of consumer energy resources (CER) such as solar PV often stems from high energy costs and a need for stability, not enthusiasm for market participation.

Efforts to engage consumers further in complex market activities risk exacerbating inequities. Designing systems that expect or require active consumer engagement overlooks a fundamental reality: electricity is a necessity, and its demand is inelastic. Consumers cannot opt out of the energy system, and regulatory frameworks must acknowledge this

⁴² SACOSS (2024), [Annual SACOSS Briefing to the Minister for Energy: Energy Pricing and Issues Affecting South Australian Consumers](#)

⁴³ ACCC (2023), [Inquiry into the National Electricity Market](#)

⁴⁴ Ben-David (2024), *What if the consumer energy market were based on reality rather than assumptions?*

⁴⁵ Poudineh (2019), [Liberalised retail electricity markets: what we have learned after two decades of experience?](#)

unique dynamic. Even if we are to accept that engagement is currently an axis for differentiation among energy consumers, it must be recognised as a significant driver of inherent inequity in the system and cannot be carried forward into any future system.

Limitations of Price Signals, Cost-Reflective Pricing, and Switching

It is our understanding that one of the underlying assumptions as part of this review, and part of the basis for the consumer archetypes, is that consumers can and will respond to different price signals in the energy market. However, studies and extensive research reveal that:

- Consumer responsiveness to price signals is minimal, with time-of-use (TOU) and other cost-reflective pricing models demonstrating negligible impact on network load⁴⁶⁴⁷.
- A significant proportion of households are unaware of their electricity price structure, highlighting low engagement⁴⁸.
- When electricity consumption is low – such as in South Australia, for example, or where solar penetration is high – standing charges account for a more significant proportion of bills and reduce impacts and benefits of dynamic pricing⁴⁹
- The primary response to high prices in the National Energy Market (NEM) has been disconnection or reduced reliance on the grid, which are inequitable and unsustainable outcomes⁵⁰.

These findings underscore that policies relying on price signals disproportionately harm vulnerable consumers, who often cannot adjust usage or afford alternatives like solar and batteries. They also reinforce the contention that the consumer “audience” for tariff-based price signals is only a small fraction of all consumers and even smaller than that which is usually assumed⁵¹.

SACOSS urges a re-evaluation of the consumer archetypes and the assumptions underpinning this review. Future energy policies must prioritise simplicity, accessibility, and equity, ensuring the energy system works for all consumers—not just those with resources, interest, or capacity for engagement. Designing systems that reflect the lived realities of consumers will foster better outcomes and help achieve an equitable energy future.

⁴⁶ Hobman et. al. (2016), [Uptake and usage of cost-reflective electricity pricing: Insights from psychology and behavioural economics](#)

⁴⁷ Soederberg (2024), *An evaluation of TOU-tariffs: a literature review and an open-source simulation tool*

⁴⁸ ECA (2023), *Energy Consumer Behaviour Survey*

⁴⁹ Wimalaratna, Akimov and Ratnasiri (2024), [Demand response by residential and industrial customers: a rapid systematic review](#)

⁵⁰ ECA and CSIRO (2023), [Stepping Up: A smoother pathway to decarbonizing homes](#)

⁵¹ El Gohary et. al. (2023), [Getting the signal – Do electricity users meet the preconditions for making informed decisions on demand response?](#)

Future products, services and pricing structures

Question 4: We want stakeholders to help us imagine the widest range of possible future products, services, and pricing structures. How might they look in the future? For example, you might consider:

- How have products and services evolved in similar markets that were disrupted by new technologies, for example, in telecommunications and point-to-point transport?
- What new innovations are we starting to see in current offerings?
- What electricity products and services are available internationally that aren't available here?
- Which technological trends may impact the electricity market, beyond those already discussed in this paper?
- What types of pricing structures might align well with the proposed Consumer Preference Principles?

While imagining future energy products and services can be important, SACOSS questions its relevance within the context of a pricing review. Pricing structures should be the primary focus, particularly as they underpin equitable access to and use of energy, yet have barely been touched on either in the questions asked in this review or in the consultation paper. Drawing comparisons to innovations in other markets – such as telecommunications or transport – fails to acknowledge the unique characteristics of the energy market. As we have previously emphasised, energy is an essential service with inelastic demand; unlike discretionary markets, consumers cannot opt out of energy consumption, and their behaviour is not easily (if at all) swayed by market-driven dynamics.

One of the most significant inequities in the current system is the over-reliance on residential consumers to bear the costs of innovation and market development. Costs associated with the creation of new products and services in the energy market should not be passed to residential consumers under the guise of “innovation” or “competition”. We must rethink the allocation of risks and costs in the energy system. Profits – not consumer bills – should fund innovation.

We also wish to reiterate that electricity is a homogenous product; differentiation arises (in the form of the “products and services” discussed in this review) from complementary technologies and services, such as Customer Energy Resources (CER) and systems that alter how energy is delivered or managed.

When considering the evolution of the energy market, as well as the products and services offered within its context, it is important to first acknowledge some emerging challenges:

Behind the meter energy consumption and grid disconnection

An emerging trend that demands attention is the increasing number of consumers disconnecting from the grid or accessing energy from behind the meter - driven by the adoption of rooftop solar, batteries, and other consumer energy resources (CER). This shift

poses significant challenges to the financial sustainability of the grid and cost recovery mechanisms. If not addressed, it could lead to a "death spiral" in which remaining consumers bear an unsustainable cost burden.⁵²

Complexity of Retail Offers

Retailers are introducing increasingly complex pricing and subscription structures, which lack transparency and comparability. Consumers face significant challenges in determining whether switching providers or plans would be beneficial. This is not an issue of insufficient information but rather of excessive and poorly presented information that can appear deliberately confusing. Research also indicates that the provision of information such as through the creation of switching websites does not have an effect on switching behaviours⁵³. This trend undermines consumer trust and informed decision-making, which are critical for a functional and fair energy market.

Technological and Market Trends

Beyond those discussed in the consultation paper, technological trends such as the proliferation of peer-to-peer energy trading, advancements in demand response technologies, and integration of EVs as grid resources could further reshape the market. However, these trends primarily impact how energy is consumed and exchanged rather than addressing the fundamental issue of equitable and efficient pricing. SACOSS urges the AEMC to avoid diverting attention toward the minutiae of potential products and services energy providers might offer, particularly at this stage in the review process. This focus risks neglecting what should be the core purpose of this review—ensuring equitable and effective pricing mechanisms. Regulators must remain aligned with their primary role of establishing pricing frameworks that support a fair and sustainable energy system, rather than enabling speculative innovations that may exacerbate inequities.

Future Pricing Structures

SACOSS emphasises the importance of pricing structures that reflect both equity and efficiency, particularly where those values underpin consumer preferences. It is our view that key considerations in seeking such a structure should include:

- ***Income-Based Fixed Charges***
Research suggests that income-based fixed-rate structures, similar to those under consideration in California, can balance equity and cost recovery⁵⁴. These ensure that higher-income households contribute proportionally more to the grid's fixed

⁵² Chen and Liu (2024), [*California is wrestling with electricity prices – here's how to design a system that covers the cost of fixing the grid while keeping prices fair*](#)

⁵³ Ndebele, Marsh, and Scarpa (2019), [*Consumer switching in retail electricity markets: Is price all that matters?*](#)

⁵⁴ Chen and Liu (2023), [*Optimal Retail Tariff Design with Prosumers: Pursuing Equity at the Expense of Economic Efficiencies?*](#)

costs while usage costs remain uniform across customer groups⁵⁵. Contrary to some misconceptions, this approach does not equate to higher-income households subsidizing excessive energy use by lower-income households; it ensures fair recovery of grid maintenance costs without penalizing lower-income consumers. Splitting fixed costs (for grid maintenance and infrastructure) and variable costs (based on usage) can create a fairer system. Lower fixed charges coupled with higher variable usage rates encourage energy efficiency while enabling utilities to recover essential costs sustainably.

- ***Avoiding Volumetric Cost Recovery***

Recovering fixed costs through high volumetric charges is both regressive and inefficient. It disproportionately impacts lower-income households and fails to account for the reduced consumption patterns of higher-income households investing in CER. A balanced reform can alleviate this inequity while addressing systemic inefficiencies.

- ***Balancing Consumer Focus***

While residential consumers often dominate discussions, more attention must be given to industrial and commercial users. These segments have significant impacts on the grid and cost structures, and their pricing and consumption patterns - while outside of SACOSS' purview - warrant careful consideration within this review.

Presentation of electricity products, services and pricing structured to future consumers

Question 5: How could electricity products, services, and pricing structures be presented to serve future consumers?

A return to simplicity is essential for future electricity products, services, and structures. Consumers need straightforward, easily comparable options that do not require extensive effort to understand or manage. To achieve this:

- The market must prioritise regulation to ensure that products and services are accessible and comprehensible for all consumers, regardless of their technical knowledge or engagement level
- Innovation and complexity should work behind the scenes – the system should work seamlessly for the consumer, without requiring them to work for the system

SACOSS considers that the Review should be looking at consumer outcomes, not just products. The review should concentrate on shaping pricing, tariff design, and regulatory frameworks to ensure that future products and services deliver equitable and affordable

⁵⁵ NEXT10 (2021), [Designing Electricity Rates for an Equitable Energy Transition](#)

outcomes. The objective should be meeting consumer needs and preferences rather than preemptively creating a framework to encompass all potential products and services. Attempting to predict all possibilities is unrealistic and risks regulatory overreach and/or poor regulatory design – particularly if that regulatory design preferences the emergence of potential products and services over existing consumer needs.

By emphasising simplicity, equity, and a focus on consumer outcomes, the electricity market can evolve to better serve the diverse needs of future consumers, ensuring that no one is left behind in the transition and that people are better served by a fair pricing system regardless of the product or service they purchase.

Balancing consumer protections with innovation

Question 6: How could consumer protections be balanced to enable further innovation in a future retail electricity market?

SACOSS questions the AEMC’s stated intent to “balance” consumer protections with enabling innovation. Protections exist to mitigate harms caused by market dynamics. Rather than balancing protections, the market should be designed to prevent harm in the first place. As Dr. Ben-David highlights: “Why not just design the consumer energy market in a way that lessens the need to protect consumers?”. We urge the AEMC to prioritise consumer needs and design a regulatory system that inherently safeguards all consumers.

Barriers to delivering a meaningful range of products, services and pricing structures

Question 7: What barriers will need to be addressed to deliver future consumers a meaningful and beneficial range of products, services, and pricing structures? How might we consider addressing those barriers?

- Consider the changes that are happening in the system now - what barriers might either endure or emerge post 2035?

As acknowledged by Dr Ron Ben David, ‘tariff reform is seriously difficult reform’.⁵⁶ The barriers to meaningful tariff reform encompass social, behavioural, economic and regulatory considerations. SACOSS considers it is vital the AEMC consider the outcome to be achieved (for example the equitable recovery of network costs) and then identify the regulatory and other barriers which need to be overcome.

⁵⁶ Dr Ron Ben David, [What if the Consumer Energy Market was based on reality rather than assumptions?](#), July 2024, p.55

To the extent that it can, tariff reform must acknowledge and address the growing energy divide between those who can afford to electrify, install renewable technologies, smart appliances, and energy efficiency measures and those who cannot. The AEMC's recent work on Residential Electricity Price Trends⁵⁷ clearly highlights the significant energy cost impacts and cost shifting that will result in a future where low-income households are unable to access the benefits of electrification. The 2024 Price Trends Report found that a household could reduce annual energy expenditure by 70% if that household:

- Purchases an electric vehicle
- Installs rooftop solar
- Switches gas appliances to electric
- Charges their EV during the day.

How can a low-income household living in rental accommodation afford these technologies? How much of the avoided energy costs will be shifted to low income households? These are the issues that must be addressed by future tariff reform.

Future Network Tariffs

Question 8: What should network tariffs look like in the future?

- What are the key choices and trade-offs we should consider when answering this question?

Future network tariffs need to be simple, fair and have the overarching goal of recovering costs equitably. Of significant concern to SACOSS is the punitive impact of TOU network tariffs on households already experiencing disadvantage and the inequitable recovery of network costs from higher grid consumption households. Billing network costs separately to wholesale and retail costs, or increasing the fixed network costs for households would be more reflective of the fixed nature of those costs.⁵⁸

Time of Use Network and Retail Tariffs

The Consultation Paper outlines the theoretical approach to designing 'efficient' network tariffs and states that:⁵⁹

*'Simple tariffs may be easy for customers to understand and respond to, but such tariffs are often **less accurate in signalling network costs** to customers and therefore in **helping to drive down network costs across time.**'*

Once again, SACOSS does not accept the theory of 'cost reflective' network tariffs. There is no evidence that this economic theory is actually based on the reality of network utilisation

⁵⁷ AEMC, [Residential Electricity Price Trends 2024](#), November 2024

⁵⁸ Dr Ron Ben David, [What if the Consumer Energy Market was based on reality rather than assumptions?](#), July 2024, p.55

⁵⁹ AEMC, [Electricity Pricing Review: Consultation Paper](#), November 2024, p.22

/ capacity, consumer behaviour in response to price signals or actual reductions in future network costs.

It cannot be said that a 14-hour peak period from between 3pm-1am and 6am-10am accurately reflects the drivers of network costs to consumers in South Australia. SAPN's distribution network utilisation is at around 55% of capacity. Peak period are weather driven and geographically specific. The 'price signal' of a 14-hour peak period for 365 days a year applied to all households is not reflective of the drivers of network costs in this state. SAPN's recent Revised Regulatory Proposal for 2025-30 shows that forecast Replacement Expenditure (Repex) is four times more than proposed capacity Augmentation expenditure (\$880m vs. \$204m), and the proposed Augex is not related to daily fluctuations in demand.⁶⁰

The narrative underpinning cost reflective tariffs must be challenged and evidence must be provided of benefits to consumers through **demonstrated** 'lower network costs across time'. What is the actual cost impact to consumers of small reductions in capacity related Augex, as compared to the return on the overall Regulatory Asset Base of \$6,587m?

These supposed benefits must be weighed up against the costs to consumers of increased complexity, changing behaviours (for households that can), the need for smart appliances, increased retail costs. At no point has an actual trial or assessment of household impacts, consumer behaviour or changes in demand taken place in South Australia. SACOSS suggests there is no evidence to support the 'economic' theory of cost reflective network tariffs in this State.

SACOSS also submits that the theory of 'cost reflective' tariffs, repeated and accepted by the AEMC in the Consultation Paper makes significant and erroneous assumptions about a consumer's ability to repeatedly engage in the retail market, a consumer's ability to change usage patterns and respond to price signals, and a consumer's financial capacity to invest in new, smart household appliances. SACOSS asks the AEMC:

- Is there evidence that the 300,000 households now on TOU retail tariffs in this State have shifted the daily consumption profile?
- If so, has this resulted in reduced network costs?
- If so, by how much and at what other cost to consumers?
- Does this evidence support the wholesale transfer of households onto TOU retail tariffs in this State, which has led to bill shock, increased energy hardship and debt?

SACOSS submits the AEMC must not make network pricing recommendations on the assumption that consumers can or will change energy use patterns, and that this will result in a benefit to consumers.

Notably, in response to examples of significant negative consumer impacts, including extreme bill shock as a result of TOU retail tariffs, retailers have pointed the finger at

⁶⁰ SAPN, [2025-30 Revised Regulatory Proposal](#), December 2024

network tariffs, and networks have deflected back to retailers (pointing to the fact that retailers don't have to reflect network tariffs in retail offerings and the fault is with retail tariff design). As demonstrated in South Australia, the AEMC must accept that retailers will pass on TOU network structures to households (at least in so far as the *timing* of the peak and solar sponge period – it cannot be said that the retail prices reflect the actual percentages of flat rate tariffs contained in the network structure).

Also, the Pricing Principles consistently refer to the 'retail customer', and the intent of 6.18.5 of the NER is clear, DNSPs must consider the impact on households ('retail customers') of changes in network tariffs, including the extent to which households can:

- choose the tariff to which they are assigned,
- are able to mitigate the impact of changes in tariffs through their decisions about usage.

The argument that network tariffs will not be passed onto consumers via retail tariffs is a false one. Under the Rules, network tariffs are designed to be passed onto households. We cannot divorce the economic theory of network tariff design from the impact on households. Therefore, future 'default' network tariff design must be based on the reality that consumers cannot change behaviour and do not respond to price signals. For those consumers who can change behaviour and benefit from more complex tariffs, then those tariffs should be opt-in.

Recovery of network costs through grid consumption

Network costs, including DUOS, TUOS and jurisdictional Scheme costs are fixed costs recovered from households through tariffs linked to grid consumption. Households that can reduce or avoid grid consumption by accessing energy from behind the meter (households with solar PV / batteries) pay less for the networks / jurisdictional scheme costs, and those avoided costs are shifted onto other households (more likely to be low-income households, renters etc).

SACOSS has called for more detailed network consumption data to obtain a clearer picture of the current network cost allocation amongst different customer groups in South Australia. This information is essential to address equity concerns throughout the transition. We have significant concerns about the use of 'average' residential grid consumption to determine cost impacts of network expenditure, the Default Market Offer and energy affordability. SACOSS considers there is no average energy consumer in South Australia. South Australia's average residential grid consumption is impacted by the reduced grid consumption of (the estimated) 40% of households who are able to access energy from behind the meter.⁶¹ The AER's analysis of 'average' residential grid electricity usage of 3,814kWh is likely to be much lower than the energy consumed from the grid by non-solar

⁶¹ Australian Government, Clean Energy Regulator, [Small-scale installation postcode data updated on 19 April 2024](#) shows 400,434 households have installed a 'small generation unit -solar' in South Australia.

households (particularly larger households). Importantly, SAPN is predicting more than 60% of homes will have rooftop solar by 2030,⁶² increasing the energy divide and amplifying the need to ensure network costs are equitably recovered into the future.

Notably, California has acknowledged this inequitable recovery of network costs, and has introduced income-graduated fixed charges in an attempt to ensure that overall systemwide costs are equitably distributed.⁶³ In the absence of pricing reform in Australia, this inequitable distribution of network and jurisdictional scheme costs places even greater cost burden on low income households into the future.

Relevantly, South Australian energy consumers currently pay for the Premium Feed-in-Tariff Schemes and AGL Designated Services costs as 'jurisdictional scheme costs' recovered through network tariffs. For 2024-25 alone, SA Power Networks will recover \$86.2m from South Australian energy consumers through their energy bills (linked to grid consumption) for the cost of these jurisdictional schemes (\$5.2m for the AGL Scheme and around \$81m for the PFIT Schemes).⁶⁴ The South Australian government is now proposing to recover the costs of underwriting generation associated with a Firm Energy Reliability Mechanism⁶⁵ in this way, but no estimation of costs to be recovered under the Scheme has been provided.

SACOSS has long argued this method of cost recovery for policy priorities unrelated to the direct provision of energy services is inherently unfair and inequitable. There are two reasons for this:

- energy expenditure is highly regressive; those on the lowest incomes spend proportionately more of their household income on energy than those on higher incomes,⁶⁶ and
- households with higher grid-consumption (like hardship or payment plan households) pay disproportionately more for the costs of these Schemes, as compared to those who can access energy from behind the meter and reduce their grid consumption (solar PV / battery households).

SACOSS has consistently highlighted the regressive nature of electricity bills and the disproportionate impact on low-income households, as demonstrated in research from Energy Consumers Australia and the CSIRO.⁶⁷ SACOSS strongly supports Energy Consumers Australia's objective of 'No further non-energy services paid via energy bills', especially in

⁶² [SA Power Networks 2025-30 Regulatory Proposal Overview](#), January 2024, p. 50

⁶³ Energy Institute at HAAS, [Reality checking California's Income-Graduated Fixed Charge](#), 13 May 2024

⁶⁴ [AER-Stakeholder Report – SAPN – 2024-25 Annual Pricing Proposal updated](#), 17 July 2024

⁶⁵ Department for Energy and Mining, [Firm Energy Reliability Mechanism: Proposed Scheme Design Consultation Paper](#), November 2024.

⁶⁶ [SACOSS, Working to make ends meet: Low income workers and energy bills stress](#), November 2020, p.42

⁶⁷ ECA & CSIRO, 2023, [Stepping Up: A smoother pathway to decarbonizing homes](#)

the context of the existing ‘non-energy services’ South Australian households are already inequitably paying for in their energy bills:⁶⁸

*‘Unlike taxes, which are progressive (i.e. the more you earn, the higher the rate of tax you pay), energy bills don’t take into account your income or personal circumstances, which is why it’s so hard for low-income families, and small businesses that need to use more energy, to afford them. In the middle of a cost-of-living crisis, we need to make sure that **only energy costs are added to our energy bills** – not costs for other policy priorities.’*

In addition to increasing network costs, DMO 6 also saw an increase in environmental and retail cost components from DMO 5. The environmental cost component for South Australia increased by 14.3% from DMO 5 levels, **the largest increase across all jurisdictions**, and the AER noted a **43% increase** in the costs recovered from South Australian households to support the South Australian Retailer Energy Productivity Scheme (REPS).⁶⁹

Increasing energy bills represent a significant cost of living issue for South Australian households – electricity is essential to life and wellbeing, and many households are unable to reduce their usage, adding to the increasing unaffordability of energy. SACOSS is urging the AEMC to focus on addressing the current and future inequities in cost recovery through this Review.

The role of energy supply businesses in meeting future customer demand

Question 9: How should the role of energy supply businesses evolve to meet customer and energy system needs in the future?

This is not within the scope of SACOSS’ work.

Changes to interfaces between energy supply businesses

Question 10: What changes might be required in the future to the interfaces between different energy supply businesses?

Interoperability and comparability should be at the forefront of any future changes to energy market interfaces. For consumers, especially those on low incomes, accessing clear and transparent information is critical to ensure they are not overpaying or subjected to unfair charges. To achieve this, energy supply businesses must adopt standardised formats

⁶⁸ [Energy Consumers Australia – Three Year Plan](#), October 2024

⁶⁹ AER, [Default Market Offer 2024-25 Final Determination](#), 3 June 2024, p. 109

for data exchange - as outlined by SACOSS in our recent submission on real-time data⁷⁰. This would enable consumers to access and compare their energy usage, pricing, and contract details seamlessly, fostering an environment where informed choices are easier to make.

A key concern is that current systems are often overly complex, particularly for those with limited time, technical skills, or resources to navigate them. Tools like unified digital platforms—incorporating real-time energy usage and cost data—should be developed to simplify this process. By making these platforms accessible and consumer-friendly, all households, regardless of income or digital literacy, could better engage with and benefit from the energy market (though we reiterate that this should not be an inherent expectation of the energy market nor a prerequisite for benefiting from the market).

When it comes to costs, it is imperative that businesses are held accountable for the expenses they incur and do not pass these onto consumers unnecessarily. Infrastructure or technology deployment costs, for example, should be borne by the businesses that stand to benefit directly. Cost-recovery mechanisms must be transparent and carefully regulated to prevent low-income households from subsidising inefficiencies or unrelated investments within the supply chain. Clear regulatory guidelines are needed to distinguish what constitutes a legitimate cost and ensure only those are included in charges to consumers.

A further concern arises from suggestions in the consultation paper that appear to seek ways to shift risks from retailers to other parts of the supply chain. This approach is counterproductive and risks increasing complexity and costs for end-users. Retailers, by their position at the end of the supply chain, have the greatest transparency over costs and risks. They are therefore best placed to aggregate and manage these risks efficiently. If current structures are inadequate for retailers to fulfil this role effectively, the solution should lie in regulatory reform to enhance their capacity and accountability. Shifting these responsibilities to other entities would dilute oversight, fragment risk management, and ultimately lead to inefficiencies that harm consumers.

In moving forward, regulatory frameworks must focus on ensuring that the party with the clearest view of overall costs and risks is equipped to manage them. This should come with strong oversight to prevent abuse of their central role. Meanwhile, consumers must be shielded from bearing the costs of business inefficiencies or risks tied to innovation and market changes.

⁷⁰ SACOSS (2024), [*SACOSS submission to the AEMC consultation on Real-time Data for Consumer \(proposed rule change\)*](#)

Feedback on the Assessment Criteria

Question 11: Do you have any feedback on our proposed assessment criteria?

Equity and harm/risk minimization objectives must be adopted as overarching assessment criteria. Every pricing proposal should be tested against the following criteria:

- Will the pricing proposal have inequitable impacts, and
- Does the pricing proposal *avoid exposing consumers to risks they are ill-equipped to understand, manage or price?*

SACOSS also urges the AEMC to rethink the foundational assumptions of this review. The energy system must work for all consumers, not just the highly engaged or technologically enabled. By focusing on equity, simplicity, and fairness, the AEMC can ensure a regulatory and pricing framework that delivers better outcomes for everyone.

Conclusion

Thank you for the opportunity to provide feedback in relation to the Pricing Review. We welcome further discussion on these issues and look forward to contributing to the development of a more equitable and affordable energy market.

If you have any questions in relation to this submission or require any further information or clarification please do not hesitate to contact either:

Malwina Wyrą on 8305 4228 malwina@sacoss.org.au

Georgina Morris on 8305 4214 Georgina@sacoss.org.au.

**Senate Select Committee on Energy Planning and Regulation in
Australia**

PO Box 6100
Parliament House
Canberra ACT 2600

Lodged online via [portal](#)

**Re: Submission to the Energy Planning and Regulation Inquiry – the National
Energy Objectives**

SACOSS is the peak body for the non-government health and community service sector in South Australia and has a mission to advocate for the interests of vulnerable and disadvantaged people across the state, including in relation to energy affordability and consumer rights, where we have a long history of funded advocacy. We thank the Select Committee for the opportunity to make a submission to the inquiry on Energy Planning and Regulation in Australia.

While the Committee's Terms of Reference are very broad, our submission focuses on just one high-level area, namely the National Energy Objectives. This relates directly to Terms of Reference (a) the National Energy Law, and (g) the statutory framework which supports consideration of stakeholder views and the public interest. However, the NEO (and any changes to the NEO) is also relevant to all the other entities and operations referred to in the Committee's Terms of Reference.

The National Energy Objectives

Decisions in the National Energy Market are made according to a set of legislated objectives known as the [National Energy Objectives](#), incorporating:

- The National Electricity Objective (NEO) in the National Electricity Law;
- The National Energy Retail Objective (NERO) in the National Energy Retail Law; and
- The National Gas Objective (NGO) in the National Gas Law.

The objectives in each of these laws are similar in form and content, are largely supply-side focused, and define the long-term interests of consumers as an energy system that promotes system security, reliability and economic efficiency.

While in recent years the Objectives have been expanded to include the achievement of emissions reductions targets, they remain very narrow and are inappropriate or inadequate to deal with the social and economic challenges of the energy system as it exists now, let alone the transition to a future energy system. We believe that additional objectives are

needed to better address the needs of energy consumers, and the fairness of the market and the energy transition. We propose two such new objectives:

- A social equity objective; and
- A consumer harm/risk minimisation objective.

A Social Equity Objective

While the ABS has left a significant data hole by not updating its flagship *Household Expenditure Survey*, the [last iteration](#) – and all other analysis of spending patterns – shows that expenditure on energy is highly regressive when measured by both income and wealth. That is, poorer households spend a greater proportion of their income on energy costs than average and better-off households.

This means that any energy policy changes or outcomes will inevitably have social equity implications, for better or worse. Recent changes to energy market design, rules and regulations; changes in technologies, services and market conditions; and the unequal distribution of energy market costs, have already created wide-ranging and negative social equity impacts. Unfortunately, there is potential for this to get worse.

Apart from just struggling with the size and regressive impact of energy bills, people experiencing financial disadvantage struggle to afford and access energy technologies such as efficient appliances, insulation or solar power that can help them reduce their energy bills. This is particularly so for those don't own their own home, and as energy prices increase the incentive for higher income households to invest in energy-saving technology increases, as does the gap to lower-income households without those options.

As more and more costs of the energy transition are being loaded on energy bills people experiencing financial disadvantage are paying disproportionately more of the costs of the transition. For example, [research](#) shows that subsidy schemes for small-scale solar panels and solar feed-in tariffs recovered through electricity bills are inequitable and regressive.

Network costs make up two-fifths of the electricity bill (more in some network areas) and at present are recovered via consumption tariffs through a combination of fixed and usage charges. Households able to substantially reduce their grid consumption pay less for the cost of the network, which leads to other households paying a greater share of all network costs (under regulated network revenue caps).

Further, a shift to “time-of-use” cost-reflective tariffs will leave some consumers worse off if they don't have the “life flexibility” or resources to afford technology to enable them to change energy usage patterns. Again, [research](#) suggests that that vulnerable and low-income households are likely to end up paying higher prices for their electricity under time-of-use tariffs.

Finally, SACOSS has identified that the cost of removing gas from residential homes is an equity issue because the expenditure required (for exit fees and new appliances) is less affordable for low-income households, leaving them potentially paying higher energy costs in dual fuel households. As [Energy Consumers Australia has shown](#), this is likely to have a

further impact as wealthier households go all electric, because with fewer customers to share network costs, the energy bills will rise even further.

Many of these issues are not being appropriately addressed because equity is not an objective in the NEO. A joint statement in February 2023 signed by 37 community, business, environment and research organisations, including SACOSS, argued that clear equity and demand-side objectives could change market design, rules and regulations to create greater social equity by:

- Distributing costs, benefits and risks transparently and fairly to allow for equitable outcomes regardless of people's ability to engage with the energy system;
- Incentivising energy market participants to innovate in ways that bring benefits to all consumers; and
- Providing appropriate protections to support people to access affordable, efficiently priced basic energy supply regardless of how much or little they interact with energy services.

We have attached that joint statement to this submission, and ***ask that the Committee recommend a change to the national energy objectives to incorporate a social equity objective.***

A Consumer Harm/Risk Minimisation Objective

We would like to draw the Committee's attention to a recent paper by Ron Ben-David from the Monash Business School, [What if the Consumer Energy Market Were Based on Reality Rather than Assumptions?](#). In that paper, Ben-David outlines the assumptions about consumers and consumer behaviour which have been embedded in energy market and regulatory design. Consumers were initially seen as active and discerning shoppers of electricity, and more recently as market participants who are interested, willing and capable of trading and shaping their energy consumption in response to price signals. With these constructions the role of the regulator is simply to support consumer sovereignty through transparent flows of information and removing barriers to consumers shopping as they please. In economic theory, this would ensure the best outcomes for consumers.

While SACOSS recognises these assumptions as being those of the perfect market in neoclassical economics, we agree with Ben-David that those assumptions do not fit the habits, abilities or realities of energy consumers in the real world – and that the mischaracterisation of the relationship of consumers to the energy “market” has come at great cost to consumers.

Ben-David outlines eleven key ways in which real behaviour and position of consumers differs from this conceptual framework and posits a series of “truth statements” as a better starting point for energy regulation. He proposes an exploration of five market and regulatory design changes, any of which the Committee might like to consider. However, in this submission we wish to focus only on the top-level recommendation for a new and additional regulatory objective.

Given consumers don't have the skills and attributes assumed in the neoclassical market theory, they are not able to identify, manage or price into their behaviour a range of market risks (and incentives). Accordingly, Ben-David proposes a new regulatory objective:

To avoid exposing consumers to risks they are ill-equipped to understand, manage or price

Ben-David argues that this does not compete with the existing National Energy Objectives which focus on efficiency but may temper how they are applied. Indeed, as noted above, the existing NEOs are largely supply-side management objectives which either assume that the supply outcomes will inevitably be good for consumers or that consumers are equipped to navigate how those objectives play out in the market. The history of significant energy price rises and the challenges of the energy transition suggest that this is simply not the case. Given this, there is a clear need for a more robust regulatory objective to ensure that, *if the market is not guaranteed to result in benefit to consumers, and/or consumers are not able to protect themselves from adverse market forces, then it is only reasonable that the regulator has the responsibility to protect consumers from harm.*

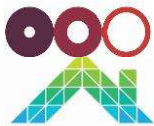
In SACOSS' reading, the objective proposed by Ben-David is not about and does not require taking away decision-making from consumers, but is rather about ensuring that those decisions are between reasonable and beneficial options, or only carry risks that consumers have the power to manage. Accordingly, ***we ask that the Committee recommend the addition of a harm or risk minimisation objective in the national energy objectives.***

Thank you for your attention to this submission. If you wish for any further information, or would like SACOSS to appear before the Committee, please contact our Senior Policy and Research Analyst, Dr Greg Ogle at greg@sacoss.org.au or on 8305 4229.

Yours,

A handwritten signature in grey ink, appearing to read 'RWomersley', is positioned above the typed name.

Ross Womersley, CEO
17 October 2024



Built-in not bolted-on: Statement of support to include social equity and demand side objectives in amendments to the National Energy Objectives

We are a broad coalition of community, business, environment, and research sector organisations who are calling on energy Ministers to incorporate social equity and demand side objectives, in addition to emissions reduction objectives, into the National Energy Objectives (NEO).

Energy is an essential service. It plays a critical role in the health and well-being of people, and powers the economy. However, the energy system is rapidly and profoundly changing and the laws that govern our energy system have not changed to meet the new challenges. If we get the settings and systems right, our future energy system won't just be clean, it will also be cheaper and fairer for everyone. If we get the settings and systems wrong, the transition will be unnecessarily costly, inequitable, unreliable, and slow.

Our organisations welcome the collective leadership of Energy Ministers on emissions reduction inclusion in energy law and support the proposal to introduce an emissions reduction objective in the NEO. We agree it will send a clear signal to the wider industry, market participants, investors and the public of the need to achieve a decarbonised, modern and reliable grid.

However, the inclusion of a decarbonisation objective will not on its own address the challenges around increasing energy systems costs, rising energy bills, reliability and resilience, and growing inequity. As outlined below, we believe social equity and demand side objectives must also be included in the current proposed amendments to the NEO.

Social equity objective will reduce energy poverty and inequality

With the rapid pace of energy transition, people experiencing financial and social disadvantage, particularly First Nations communities, are at risk of being left behind and energy poverty and inequality increasing. Changes to the energy market design, rules and regulations; growth in new technology, products and services; shifts in global and local energy market conditions; and the unequal distribution of energy market costs, have already created wide-ranging and severe social equity impacts, with the potential to get worse. People experiencing financial disadvantage pay disproportionately more for the energy transition and many are missing out on some of the benefits.

The current framing of the NEO does not give regard to the social or distributional impacts of energy policy or regulatory decisions, especially for low-income and disadvantaged households that go beyond just 'price'. We believe with clear objectives, market design, rules and regulations can make a positive contribution to social equity, by:



Uniting Church in Australia
SYNOD OF VICTORIA AND TASMANIA



- Distributing costs, benefits, and risks transparently and fairly to allow for equitable outcomes regardless of people's ability to engage with the energy system
- Incentivising energy market participants to innovate in ways that bring benefits to all consumers
- Providing appropriate protections to support people to access affordable, efficiently priced basic energy supply regardless of how much or little they interact with energy services.

Given the essential nature of energy supply, it is important that market bodies and market participants place social and distributional impacts at the center of energy policy and regulatory decisions. Incorporating an explicit reference to social equity in the NEO would ensure this fundamental consideration is part of decision-making.

Reduce energy bills and improve energy affordability by improving energy performance

The NEO needs to focus on reducing total energy bills and making energy affordable for all Australian households and businesses. The NEO's current focus on 'price' fails to encourage improvements in energy performance and efficiency that can slash energy bills, even as the prices charged for energy go up.

Energy efficiency, electrification and energy management can have a direct and immediate impact on reducing emissions and energy bills, reducing the exposure of consumers to energy price shocks. Study after study has noted energy efficiency techniques as some of the cheapest abatement available and it remains a substantially untapped resource in Australia.

Including a focus on the 'cost of energy bills' or 'energy affordability' in the objectives would place greater emphasis and investment into energy performance and demand management both in front of the meter (energy system) and behind the meter (the house or business).

More efficient, effective and in the interest of consumers to make a suite of changes now

Given the time and resources required to amend energy laws as well as to socialise and implement changes, it would be more efficient and effective to make a suite of interrelated changes now. This will also ensure that the broader benefits to consumers, society and the economy are realised sooner.

In the consultation paper, Ministers acknowledged these as important matters for future consideration. At a minimum, it is our shared view that all Australian governments should commit in principle to making these changes and outline at the next Energy Ministers meeting their next steps and timeline on these important system reforms.