

Policy Statement on EPR0097 | The pricing review: Electricity pricing for a consumer-driven future

Dear Australian Energy Market Commission (AEMC):

FranklinWH Australia Pty Ltd, a wholly owned subsidiary of FranklinWH Energy Storage Inc., is a home energy solutions manufacturer dedicated to advancing the development of home energy storage systems in Australia. We express our strong opposition to your Commission's recently released draft, EPR0097 | The pricing review: Electricity pricing for a consumer-driven future, in specific reference to the proposal to shift residential electricity pricing structures from consumption-based and time-of-use models (including dynamic and time-of-use pricing) to a primarily fixed pricing model.

We believe that proceeding with this proposal would have significant, adverse consequences for Australian households, electricity market participants, and the nation's energy transition objectives. Our specific reasons are as follows:

1. Weakening the Systemic Value of Demand Response and Distributed Energy

A reasonable capacity or time-of-use pricing mechanism can guide users to operate high-power loads like water heaters during low-cost periods, thereby improving energy efficiency. Simultaneously, by enabling energy storage and photovoltaic systems to participate in peak shaving and valley filling, it provides grid support to a certain extent, reducing overall grid investment pressure.

Increasing the proportion of fixed charges would weaken price signals, forcing users to bear similar grid costs regardless of their participation in regulation activities. This diminishes incentives for demand-side response, hinders distributed energy's role in peak-valley regulation and system optimization, and may ultimately increase long-term grid expenditure.

2. Impact on User Experience and Policy Stability Expectations

Australia has long encouraged household investment in photovoltaic and energy storage systems. A significant shift toward fixed charges would reduce users' ability to gain returns through optimized electricity consumption, thereby diminishing their motivation to participate in the energy transition.

Simultaneously, directional adjustments to the charging mechanism may undermine public confidence in the continuity and stability of energy policies, ultimately affecting investment decisions by households and businesses.

3. Lack of Sufficient Quantitative Evidence and Systematic Evaluation

There is currently insufficient quantitative evidence demonstrating that increasing the proportion of fixed network charges reduces overall system costs or enhances fairness. Conversely, low-consumption households would bear a disproportionate share of grid costs, creating clear inequities. Such high-impact, long-term reforms should be grounded in comprehensive data and scenario analysis, rather than short-term objectives.

4. Recommendations for Prudently Advancing Structural Reforms by Drawing on International Experience

During their electricity market transformations, multiple developed countries have consistently prioritized price signals. They have strengthened demand-side participation through capacity pricing, time-of-use pricing, or dynamic pricing mechanisms, rather than reducing the proportion of variable pricing.

We recommend that the AEMC advance relevant reforms only after extensively consulting industry stakeholders and completing thorough cost-benefit analyses, ensuring policy direction aligns with Australia's long-term goals for energy transition and distributed energy development.

FranklinWH stands ready to engage in further technical and policy-level exchanges and discussions.