
Submission to the Australian Energy Market Commission**Re: Draft Determination – Shift Toward Predominantly Fixed Network Charges****Submitted by:** Vincenzo Marciano (Technical Director, AlphaESS)**Date:** February 2026

Thank you for the opportunity to comment on the AEMC's Draft Report proposing a shift toward predominantly fixed electricity network charges.

As Technical Director at AlphaESS, I work closely with households, installers, retailers and energy professionals across Australia. Every day, I see families investing their own capital into rooftop solar and battery systems to reduce bills, manage cost-of-living pressures, improve resilience and contribute to the clean energy transition.

From this practical, customer-facing perspective, I am deeply concerned that a move toward predominantly fixed, unavoidable network charges would:

- Reduce households' ability to control their electricity bills
- Undermine the economics of solar and battery investments
- Disproportionately impact low-consumption and lower-income households
- Weaken incentives for efficient energy use and flexibility
- Slow progress toward Australia's renewable energy and net-zero goals

This submission focuses on customer outcomes, equity, and long-term market impacts.

1. Clear Opposition to Predominantly Fixed Network Charges

I oppose the AEMC's proposal to shift network pricing toward predominantly fixed charges. Fixed, unavoidable charges reduce bill control, undermine equity and weaken incentives for efficient energy use and investment in distributed energy resources.

Electricity pricing should reflect consumption and time-of-use. Customers must retain the ability to influence their bills through behaviour, efficiency improvements and investment in technology.

Over the past decade, Australian households have responded to price signals by:

- Installing rooftop solar at world-leading rates
- Investing in home batteries
- Improving energy efficiency
- Shifting usage away from peak periods

These behaviors have reduced peak demand, supported system reliability and deferred costly network upgrades. Moving a greater share of costs into fixed daily charges weakens this behavioral link. It reduces the reward for conservation, efficiency and flexibility and represents a step backwards in modern tariff design.

2. Impacts on Solar and Battery Investment

The proposed reform materially undermines the economics of distributed energy; this creates serious risks. Publicly referenced modelling indicates that:

- Households with existing solar and battery systems would see higher annual bills.
- Customers considering new installations would see reduced financial benefits.
- Payback periods for solar-plus-battery systems could extend significantly, in some cases beyond ten years.

Retrospective impact on existing investors

Millions of Australians have invested in rooftop solar, and increasingly in battery storage, in good faith, based on existing tariff structures and clear policy signals supporting distributed energy. Altering network pricing in a way that materially erodes the expected returns on those investments' risks undermining confidence in regulatory stability and sends a concerning signal to households considering future clean energy investments.

Weakened future uptake

If financial returns decline, adoption will slow. That directly impacts on all the things that have been the focus of the last decade:

- Rooftop solar deployment
- Home battery adoption
- Demand flexibility participation

Broader system consequences

Distributed energy resources provide system-wide benefits:

- Reduced peak demand
- Lower wholesale price volatility
- Improved local resilience
- Reduced emissions

Diminishing the economic viability of these technologies is likely to increase long-term system costs and place greater pressure on centralised generation and network infrastructure. Australia's clean energy transition relies significantly on active household participation, and pricing reform should strengthen and support that engagement rather than undermine it.

3. Equity and Affordability

Predominantly fixed network charges are regressive. Low-consumption and lower-income households would pay more regardless of their ability to reduce usage, entrenching structural inequities rather than addressing them. These households often include:

- Pensioners
- Low-income families
- Renters
- People in small dwellings
- Households actively conserving energy due to cost pressures

Under a predominantly fixed model:

- Reducing consumption has limited impact on total bills.
- Careful energy management is not rewarded.
- Higher-consumption households effectively benefit from a smaller variable component.

This approach effectively transfers costs onto households that consume less electricity and, in many cases, have the least capacity to absorb additional expenses. Electricity is an essential service, and tariff design should not disadvantage those who are careful with their usage or disproportionately burden vulnerable customers. If improving affordability is truly the objective, reforms should safeguard low-consumption households and preserve their ability to manage and reduce their energy costs.

4. Implications for Net Zero and Electrification

Australia's energy transition requires electrification of transport, heating and industry. It also requires flexible demand and distributed storage to integrate high levels of renewables.

Strong usage-based and time-reflective price signals encourage:

- Smart EV charging
- Load shifting
- Battery deployment
- Participation in virtual power plants

Weakening these signals risks:

- Slower electrification
- Reduced private investment in storage
- Higher peak demand
- Greater reliance on network upgrades

If household-level incentives diminish, more of the transition burden shifts to taxpayers and network capital expenditure. At a time when many international markets are strengthening dynamic pricing frameworks, a move toward predominantly fixed charges would move Australia in the opposite direction.

5. Lack of Published Evidence

This is a significant, self-initiated structural reform. Given its scale and potential impact,

it is concerning that:

- Detailed bill impact modelling across income and consumption cohorts have not been published.
- Transparent distributional analysis is absent.
- There is limited real-world evidence demonstrating improved consumer outcomes under predominantly fixed structures.

Given this is a self-initiated review, the AEMC should not progress such a fundamental change without publishing detailed bill impacts, distributional analysis and evidence of consumer and retailer behavior. Major tariff reform should only proceed where there is clear, demonstrable benefit to consumers.

6. Requested Outcome

I urge the AEMC not to progress with the proposal to introduce predominantly fixed network charges. Instead, network pricing should:

- Preserve consumer agencies and bill control
- Maintain meaningful consumption and time-of-use signals
- Protect low-consumption and vulnerable households
- Support investment in solar, batteries and flexible demand
- Align with Australia's renewable energy and net-zero objectives

Tariff reform should modernise the system, strengthen efficient price signals and encourage active participation in the energy transition.

Conclusion

The proposed shift toward predominantly fixed network charges risks:

- Reducing customers' ability to manage their electricity costs
- Penalising households who have invested in clean energy
- Disproportionately impacting lower-income Australians
- Weakening investment signals for distributed energy
- Increasing long-term system costs

Electricity market reform must prioritise fairness, efficiency and long-term consumer benefit. I respectfully request that the AEMC reconsider this proposal and retain pricing structures that empower consumers and support Australia's clean energy future.

Regards,



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