

Submission to the AEMC: Electricity Pricing for a Consumer-Driven Future

From: Electrify Canberra

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Electrify Canberra welcomes the opportunity to comment on the *Pricing Review: Electricity Pricing for a Consumer-Driven Future*. Our mission is to empower households to electrify their homes, reduce emissions, and participate actively in the clean-energy transition.

For this reason, we are deeply concerned about Recommendation 5 and the proposal to increase fixed network charges.

1. Electrify Canberra opposes any shift toward predominantly fixed network charges

The review's stated goals are positive — but the mechanisms undermine them.

The AEMC emphasises:

- consumer choice
- support for consumer energy resources (CER)
- efficient pricing
- demand flexibility

However, the proposal to increase fixed network charges **directly weakens** all of these objectives. Fixed charges reduce the ability of households to respond to price signals, shift demand, or benefit from CER investments. This is a structural contradiction in the review.

We strongly oppose the AEMC's proposal to move network pricing toward higher, unavoidable fixed charges. Such a shift would reduce households' ability to control their bills, weaken incentives for efficient energy use, and undermine investment in consumer energy resources (CER) such as rooftop solar, batteries, and efficient electric appliances. Pricing should continue to reflect consumption and time-of-use, encouraging households to save energy and shift demand.

2. Impacts on solar, batteries, and electrification

Increasing fixed charges would materially harm households that have already invested in solar and batteries, extending payback periods and reducing the value of their investment. For households considering solar or batteries, the economics would be substantially weakened.

This threatens future CER uptake and contradicts government policies encouraging households to electrify, reduce emissions, and help deliver a cheaper, cleaner energy system.

Home batteries are already demonstrating their value as a critical CER in Australia's energy transition, particularly where government incentives have supported uptake. Programs such as the ACT Sustainable Household Scheme, South Australia's Home Battery Scheme, and various state-based VPP trials have enabled tens of thousands of households to install batteries, creating one of the world's largest fleets of distributed storage. These batteries are now providing measurable grid-stabilising services: fast frequency response, peak-demand reduction, voltage management, and improved resilience during outages. AEMO's own analysis shows that aggregated home batteries can deliver high-quality FCAS services within milliseconds, reduce reliance on gas peakers, and avoid costly network upgrades by shifting solar generation into evening peaks. As battery uptake grows, CER is expected to supply a significant share of Australia's future storage needs, lowering wholesale prices and supporting a more flexible, renewable-dominated grid. Policies that extend battery payback periods — such as increasing fixed network charges — risk slowing this progress and undermining the very consumer-driven transition that governments are relying on to deliver a cheaper, cleaner, and more resilient energy system.

3. Equity and affordability concerns

Predominantly fixed charges are regressive. What we *can* infer from the tariff structure is clear:

- Low-consumption households—including single-person households, apartment residents, retirees, and low-income households—would pay more regardless of their ability to reduce usage.
- High-consumption households, including those with large homes and high incomes, would benefit most.
- This reverses the “polluter pays” principle and entrenches inequity rather than addressing it.
- This is the opposite of a fair transition.

4. Lack of evidence and transparency

Given the significance of this proposed change, it is concerning that no detailed bill modelling, distributional analysis, or real-world evidence has been published. A self-initiated review should not progress without transparent analysis of consumer impacts and behavioural responses.

5. Greenhouse gas emissions

Increasing fixed network charges would also weaken Australia's ability to reduce greenhouse gas emissions. When a larger share of a household's bill is unavoidable, consumers lose the financial incentive to reduce their electricity use, shift demand to cleaner periods, or invest in efficient electric appliances, rooftop solar, or home batteries. These behaviours are central to lowering emissions and reducing system costs. By blunting the link between consumption and cost, fixed charges discourage households from participating in demand-response programs, electrifying their homes, or using energy more efficiently. This runs counter to national and state climate policies that rely on consumer energy resources and flexible demand to integrate renewables, reduce reliance on gas peakers, and avoid expensive network upgrades. A pricing structure that penalises low-use households and rewards high consumption cannot deliver the emissions reductions required for a fair, fast, and consumer-driven transition.

6. Electrify Canberra's position

We urge the AEMC **not to proceed** with increasing fixed network charges. Instead, we call for pricing structures that:

- preserve strong incentives for energy efficiency and electrification
- support solar, batteries, and other CER
- maintain consumer agency and fairness
- reduce system costs through demand flexibility, not blunt fixed fees

Electrify Canberra encourages the AEMC to explore alternative approaches that align with Australia's clean-energy goals and support households in contributing to a cheaper, fairer, electrified future.

Thank you for considering our submission.