



**PARENTS FOR
CLIMATE**

**SWELTERING
CITIES** 

Joint submission regarding AEMC pricing review: Draft Recommendations Report “Electricity pricing for a consumer-driven future”

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***Parents for Climate** is Australia’s leading parent-focused climate advocacy organisation, we represent tens of thousands of parents and carers who are deeply concerned about the impacts of climate change on their children’s health, safety and future. Our supporters occupy a wide range of household types including owner-occupiers and renters of houses and apartments, hailing from a broad range of socio-economic backgrounds.*

***Sweltering Cities** is Australia’s only national campaign and advocacy organisation working specifically on issues related to extreme heat. Since 2020, it has worked directly with communities in our hottest suburbs to campaign and advocate for more liveable, equitable and sustainable cities.*

Parents for Climate and Sweltering Cities welcomes the opportunity to respond to the AEMC’s Draft Recommendations Report. We support reforms that are equitable, accelerate electrification, enable consumer energy resources (CER), and ensure that distribution network service providers (DNSPs) deliver genuine value to consumers.

Our joint submission focuses on the areas most relevant to our mission: **retail fairness**, **consumer information**, and — most critically — **network tariff reform**, where the greatest risks and opportunities lie.

1. Overarching Position on the Draft Recommendations

We support reforms that:

- reduce household energy costs
- improve fairness and transparency

- accelerate electrification
- enable CER as a system resource
- ensure DNSPs and other market participants are accountable for efficient investment and CER optimisation

We support Recommendations 1–4 in principle, but our primary focus is on Recommendations 5–7, where the proposed shift toward predominantly fixed network charges has significant implications for equity, electrification, and long-term system costs.

2. Support for Recommendations 1–4 (Retail Competition & Consumer Information)

We support the AEMC’s intent to improve retail fairness and consumer access to information. These reforms are not the core of our mission, but they are directionally positive.

Recommendation 1 — Remove the retail loyalty tax

We support this reform. Long-standing customers should not pay more simply because they have not switched. Removing the loyalty tax improves fairness and reduces penalties for disengaged households.

Recommendation 2 — Competitive franchise for standing-offer customers

We support exploring this model, provided it includes strong consumer protections, transparent allocation processes, and the ability for consumers to exit at any time.

Recommendation 3 — Periodic review of retail interventions

We support regular review to ensure regulations continue to support electrification, CER participation, and consumer protection.

Recommendation 4 — Improve comparison tools and information

We support improvements to Energy Made Easy and standardised, outcome-based information that helps households understand the impacts of electrification, solar, batteries, and flexible loads.

3. Core Section: Network Tariff Reform (Recommendations 5–7)

This is the area of greatest concern for Parents for Climate. The proposed shift toward predominantly fixed charges risks undermining electrification, penalising CER households, and entrenching inequity.

We offer the following principles and recommendations.

3.1 Equity must be a primary design principle

We recommend the AEMC adopt a **three-cohort equity framework** to assess tariff impacts:

1. CER-enabled households

- Should not be penalised for reducing network costs
- Should be rewarded for providing network support through orchestration
- Should see their investments reflected in lower bills, not higher fixed charges

2. CER-constrained households

(renters, apartments, low-income households)

- Need protection from regressive fixed charges
- Should have access to shared CER solutions (community batteries, shared solar)
- Should not be locked out of the benefits of electrification

3. Gas-dependent households

- Already face rising gas network fixed charges
- Should not face compounding disadvantage through electricity pricing reforms
- Need clear, affordable pathways to electrification

This framework ensures pricing reform supports the long-term interests of all consumers, consistent with the NEO and NERO.

3.2 CER must be recognised as a system resource

The draft recommendations do not adequately recognise that CER — especially orchestrated batteries, EVs, and flexible loads — can:

- reduce peak demand
- defer or avoid network augmentation
- improve resilience
- lower long-term system costs

Pricing structures should **reward** CER that provides measurable system value, not treat CER households as identical “cost causers” to those without CER.

3.3 Fixed charges risk regressive and counterproductive outcomes

We are deeply concerned about the proposed shift toward predominantly fixed charges.

High fixed charges are:

- **unfair to CER households**, who reduce their reliance on the network
- **unfair to low-usage households**, who minimise consumption to manage bills
- **particularly harmful to gas-dependent households**, who face higher costs to electrify and are also exposed to the gas network “death spiral” where fixed costs are shared amongst those consumers who are least able to electrify
- **counterproductive for electrification**, because they reduce the bill savings from switching off gas
- **misaligned with cost-reflectivity**, because they ignore the real value CER provides

Fixed charges should be used sparingly and designed to avoid regressive outcomes.

3.4 A CER-active tariff class is a better alternative

We recommend the AEMC explore a **CER-active customer tariff class**, which would:

- apply **lower fixed charges** for customers participating in recognised orchestration or flexible-load programs
- provide dynamic import/export signals that reflect actual network impact
- offer access to network support payments
- align incentives with a bidirectional, CER-rich future

This approach is more equitable, more efficient, and more consistent with the NEO than a blanket shift to fixed charges.

3.5 DNSP accountability must be strengthened

A consumer-driven system requires **reciprocity**: consumers respond to price signals, and DNSPs must demonstrate they are delivering value.

We recommend the AEMC require DNSPs to demonstrate:

- efficient investment
- avoidance of unnecessary augmentation
- optimisation of CER before pursuing capex
- transparent hosting-capacity data
- streamlined CER connection processes
- prioritisation of non-network solutions

Pricing reform should not simply redistribute DNSP revenue requirements — it must ensure those requirements are efficient.

3.6 Transitional measures must be equity-led

We support transitional measures, but they must be grounded in equity.

We recommend:

- caps on annual bill increases for vulnerable households
- targeted electrification support
- distributional impact assessments for all tariff reforms
- protections for gas-dependent households
- clear pathways for CER-constrained households to access shared CER

4. Implementation (Recommendation 8)

We support implementation through existing processes where possible, but reforms that risk regressive outcomes should not be accelerated.

Implementation should proceed only when:

- transitional supports are in place
- DNSPs demonstrate readiness to enable CER
- consumers have time to understand and respond to new tariffs
- data access and interoperability standards are established

5. Conclusion

Parents for Climate and Sweltering Cities support reforms that reduce costs, accelerate electrification, and ensure fairness.

We urge the AEMC to:

- make equity a primary design principle
- recognise CER as a system resource
- avoid regressive fixed charges
- explore a CER-active tariff class
- strengthen DNSP accountability
- ensure transitional measures protect vulnerable households

A pricing framework that supports electrification, CER participation, and efficient network investment will deliver the lowest-cost, lowest-carbon future for Australian families.