



The Commissioners,
Australian Energy Market Commission

By email

13 February 2026

Dear Commissioners

Thank you for the opportunity to comment on the draft **The Pricing Review: Electricity pricing for a consumer-driven Future**. I note that the timetable provided is very tight and incorporates a period when most of the country is disengaged, over the Christmas /New Year summer (and school holiday) period.

These comments draw on my experience of working with councils in NSW, particularly those in the Riverina and Murray Joint Organisation (RAMJO) , which consists of 11 rural and regional councils.

Who is the target and organisations that benefit from these proposed changes? It appears to be the retailers and energy service providers. It does not look at addressing current inequities that are built into the current pricing mechanisms.

The following comments relate particularly to Theme 3 :

Theme 3:Reward consumers for activities that are valuable in achieving a lowest-cost system, and target a more equitable allocation of shared costs	Recommendation 5: Amend the rules to focus network tariff design on efficiency, supporting a lowest-cost grid and a fairer sharing of costs among consumers
Theme 3: Reward consumers for activities that are valuable in achieving a lowest cost system, and target a more equitable allocation of shared costs	Recommendation 6: Amend the rules to ensure networks design tariffs for energy service providers, rather than directly for customers, to promote more flexible and innovative retail offers

The approach being taken in the recommendations bakes in existing inequalities, particularly the high cost of transmission and distribution costs already met by consumers. The transmissions costs are not being met by the large users of energy, but disproportionately by residential customers, as noted below.

I draw your attention to the review by the consultancy firm Marsden and Jacobs of the NSW Electricity Infrastructure Roadmap. The legislated Roadmap¹ put in place a comprehensive state-based framework to support the development of new transmission, low emissions generation and energy storage².

That legislation put in place a comprehensive state-based framework to support the development of new transmission, low emissions generation and energy storage. In 2023 the consultancy firm Marsden and Jacobs was engaged by the NSW Government to review the NSW Electricity Infrastructure Roadmap (the Roadmap)

“Stakeholders also raised that under current arrangements, costs are recovered from distribution customers. They questioned the equity of this arrangement given that large energy users are typically connected to the transmission lines. The current arrangements leave large energy users immune to the Roadmap costs and instead residential customers wear a disproportionate share³.

“Current arrangements do not impose costs on customers that are connected to the transmission grid. These are typically large electricity users.⁴”

A breakdown of cost components of an average electricity bill in the National Energy Market for 2022-23 that around 45% of residents bills were network costs, while for small businesses 42% related to network costs⁵.

I understand that other organisations, such as the Smart Energy Council and Solar Citizens, have provided responses that are highly critical of the current rule change proposals. I also note that quite a number of rural and regional communities are also disadvantaged by irregular and/or insufficient electricity supply. A detailed analysis of issues faced by part of NSW is available through the Central NSW JO:

The constraints and vulnerabilities experienced by customers of Essential Energy has been studied in detail by Central NSW JO.

“The Business Case found that of the region’s 30 distribution zone substations, one-third and their surrounding areas are currently experiencing:

- Network constraints – where electricity demand exceeds the rated infrastructure capacity

¹ Legislated under the Electricity Infrastructure Investment Act 2020 (EII Act).

² Marsden Jacobs, Marsden Jacobs, NSW Electricity and Supply and Reliability Check Up, p 96

³ Marsden Jacobs, Marsden Jacobs, NSW Electricity and Supply and Reliability Check Up, August 2023. Pp 94,95,96. Quoted in RAMJO Submission to the Draft NSW Energy Policy Framework – Riverina and Murray Joint Organisation, Feb 2024

⁴ Marsden Jacobs, Marsden Jacobs, NSW Electricity and Supply and Reliability Check Up, p 96

⁵ Source: ACCC, Inquiry into the National Electricity Market: December 2023 Report quoted by the Energy Council [understanding-energy-bills-4.pdf](#).

- Reliability issues – where supply interruptions in minutes are highest in the region.

Further, the traditional grid is not set up to accommodate Distributed Energy Resources (DER), like rooftop solar and battery storage. Investment in the electricity grid is not progressing quickly enough to enable DER integration without creating power quality issues or curtailing exports.⁶

Similar constraints are being faced in other parts of NSW and other states. If there is to be a price review that favours network tariffs then there should also be performance standards which ensures that communities can have access to reliable and sufficient electricity.

To summarise, the current pricing mechanism for transmission and distribution costs disproportionately disadvantages residential customers. In addition, current needs of residential customers in rural and regional areas may not be met, in terms of capacity and reliability. Amending the rules to focus on the fixed costs will amplify existing current disadvantage. As noted in other submissions, it also disadvantage those who have been proactive and invested in solar energy and batteries, as well as low income and very careful consumers who have worked hard to reduce their costs.

I do not support these proposed rule changes.

I look forward with interest to the outcomes of this review.

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⁶ Ernst and Young, 2023. Business Case on the Nexus Between Energy Security and Emissions Reduction
[Business Case - Central Joint Organisation](#) Central NSW JO