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546 Gardeners Road
Alexandria NSW 2015
Australia

13 February 2026

Australian Energy
Market Commission

RE: Draft Report – Pricing Review

Tesla welcomes the opportunity to respond to the AEMC's draft report on the Pricing Review. We acknowledge the significant effort invested by the Commission in examining how electricity pricing frameworks must evolve to support a more dynamic, consumer-driven energy system.

Tesla strongly supports the Commission's long-standing advocacy for more cost-reflective and dynamic pricing. For many years, the AEMC has been a leading voice arguing that static, volumetric tariffs are incompatible with a modern energy system characterised by consumer energy resources (CER), electrification, and two-way power flows. That reform direction has been clear, consistent, and correct.

Households and market participants listened. Australian consumers have invested heavily in solar, batteries, smart devices, and energy management technologies on the reasonable expectation that future value would increasingly be realised through flexibility, optimisation, and responsiveness to price signals. Governments have reinforced this expectation through programs such as the Cheaper Home Batteries Program and other electrification policies. Energy service providers, including Tesla, have made significant investments in platforms and products to translate these signals into practical, automated consumer benefits. It is therefore essential that pricing reform reinforces, rather than undermines that trajectory.

Tesla is concerned that several elements of the draft report, particularly the proposed shift toward higher unavoidable fixed network charges, risk doing exactly that. The report places strong emphasis on rebalancing cost recovery through fixed charges, yet provides little clarity on the size, reliability, or durability of the dynamic value streams that would remain available to reward responsive consumers. Without that clarity, the practical effect of the proposed reforms would be to reallocate existing costs rather than to unlock new system value. This would disproportionately impact households that have invested in CER, distort price signals based on geography rather than behaviour, and reduce the incentives that underpin participation in virtual power plants and other flexibility products.

The discussion about rebalancing network tariffs cannot be separated from the fundamental question of how networks themselves are funded, what they are incentivised to do, and whether the pricing framework encourages them to minimise costs or simply recover them. Several submissions from the previous consultation on this review propose shifting a greater share of revenue recovery into unavoidable

fixed charges, framed as an equity measure or a way to "reflect fixed costs", but such an approach risks locking in higher long-term costs without requiring networks to justify, avoid, or defer expenditure. It ignores the essential reality that cost recovery design shapes behaviour: if networks can recover a rising proportion of their allowed revenues through flat fees that consumers cannot influence the incentive to extract value from orchestration, demand response, community storage, or non-network alternatives diminishes.

This direction also sits uncomfortably alongside major Commonwealth investments such as the Cheaper Home Batteries Program, explicitly designed to help households "reduce electricity bills by making the most of cheap and clean solar power by storing it for when it is needed," and to lower system costs by "reducing peak demand and creating a more stable electricity grid." The program's rapid scale-up from $2.3 billion to $7.2 billion, targeting 2 million batteries and 40 GWh of storage by 2030 relies on households being able to realise bill savings and contribute flexibility to the grid. A tariff framework dominated by fixed charges blunts the very mechanism through which these public funds deliver value, making grid imports less avoidable, flattening the price signals that batteries respond to, and eroding household returns even after receiving a ~30% subsidy.

Against this backdrop, an alternative approach is needed, one that addresses legitimate concerns about cross-subsidies without undermining national policy goals or consumer agency. Tesla therefore recommends that the AEMC accelerates the review of how networks are regulated and incentivised and explore ideas like a low, universal access charge paired with a residual cost component calibrated to objective system-impact metrics such as peak coincidence, minimum-demand export stress, locational constraints, or participation in orchestration programs. This structure preserves bill controllability and strengthens the incentives that both the CHBP and the broader NEM transition depend on, while ensuring that all customers contribute fairly to shared network costs. It upholds revenue certainty for networks but does so in a way that is conditional on, and aligned with, the sector's long-term efficiency and flexibility objectives, rather than insulating networks from utilisation risk and inadvertently weakening the value of the very consumer investments the Commonwealth is subsidising.

Tesla's core position can be summarised as follows:

1. **Higher unavoidable fixed charges are inequitable and inefficient**
   They penalise consumers based on where they live and what infrastructure exists around them, rather than how they use the grid.
2. **Pricing alone cannot solve congestion**
   International experience demonstrates that targeted procurement of flexibility services is a more effective and fairer mechanism for managing local network constraints.
3. **Network incentives must be fundamentally redesigned**
   The current framework disproportionately rewards capital investment over operational efficiency and flexible alternatives.

4. **Recommendations 5 and 6, as drafted, are internally contradictory**
   Designing tariffs for energy service providers while simultaneously predetermining large fixed network charges removes the very flexibility that enables innovative retail offers.
5. **Dynamic pricing must remain meaningful**
   Reforms should strengthen, not dilute, the economic case for consumer flexibility.

At Tesla, we envision a future where every household accelerates the world's transition to sustainable abundance by generating, storing, and intelligently managing their own clean energy. In this world, adopters of CER not "prosumers," a term that oversimplifies their role, become empowered participants in a resilient, low-cost energy system. Households produce their own solar energy during the day, store it in batteries like Powerwall for evening use or emergencies, and have the voluntary opportunity to be rewarded for sharing excess energy back to the grid when it's most needed - contributing to grid stability, reducing peak demand, and lowering costs for everyone.

This vision is fully automated and seamless, operating in the background to respect consumer choice and minimize hassle. Through Tesla's distributed intelligence, decisions are made locally at each site: first prioritizing the asset owner's needs, such as maximizing self-consumption for bill savings or ensuring backup power during outages and then contributing to grid purposes only as required and with adequate rewards. Consumers can choose their level of involvement and risk, choosing to opt-in for simple, fixed-reward plans with bounded exposure or more dynamic participation for higher potential returns without ever feeling mandated or controlled.

This approach builds trust by aligning with why people invest in CER: autonomy, financial benefits, and environmental impact. By creating structures that help adopters realize the full value of their assets, through fair pricing, transparent rewards, and interoperable systems, we foster a community-driven energy ecosystem where individual actions benefit the collective, deferring costly infrastructure upgrades and enabling a faster shift to renewables. Australia, with its world-leading CER adoption, is uniquely positioned to lead this transformation, but it requires pricing reforms integrated with participation mechanisms to make it a reality.

Tesla provides detailed responses to each recommendation and question below. We appreciate the Commission's openness to feedback and look forward to further engagement as this review progresses.

Sincerely,

Emily Gadaleta
Senior Energy Policy Advisor

Part A - Response to draft recommendations

Tesla agrees with the Commission's starting premise that if we do nothing the system risks higher overall costs and there is a major opportunity to leverage the low-cost, low-emissions energy and flexibility enabled by CER and demand response. Tesla's submission is therefore not a rejection of reform. It is a warning about the specific reform lever being elevated in the draft report, higher unavoidable fixed charges, without a commensurate, credible, and bankable pathway for consumer value.

The draft report repeatedly refers to the need to "reward consumers for activities that are valuable" and to reshape the market so that energy service providers can compete to win and retain customers by delivering the services customer's desire. Tesla strongly supports that vision. Our central concern is that the draft report does not yet close the loop between the costs it proposes to make unavoidable and the value it proposes to make accessible.

If the fixed portion rises materially and the dynamic portion is small, uncertain, infrequent, or not transparently quantifiable, the signal that reaches households will be straightforward: flexibility does not meaningfully matter. That would undermine consumer trust, stall participation, and entrench the very inequities the draft report seeks to address. It would also create a political and implementation risk: governments have encouraged household investment most recently through battery rebates and electrification policies. A reform package that is perceived to change the economics after the fact will attract scrutiny and will likely drive further intervention rather than reduce it.

Tesla's view is that the draft report is strongest where it is clear about outcomes and weaker where it assumes the market will fill in the missing middle. The final report should move from pricing reform will create the right incentives to pricing reform plus procurement and incentive architecture will create bankable value pathways that customers can trust.

Recommendation 1 - Require energy service providers to charge all customers on the same plan the same price

Tesla sees clear merit in Recommendation 1 as a way to reduce "loyalty penalties" and improve fairness for consumers who remain on market offers over time. A requirement that customers on the same plan pay the same price can sharpen competition around genuine value rather than introductory discounts, reduce consumer confusion, and lift trust in a market where many households feel they are penalised for disengagement. It may also reduce the need for ongoing interventions aimed at addressing poor outcomes for disengaged customers, which aligns with the Draft Report's broader objective of improving consumer outcomes through competition rather than layering additional controls.

At the same time, Tesla notes there are material design and implementation questions that will determine whether the reform improves outcomes or simply shifts complexity elsewhere. In practice, retailers could respond by proliferating plans, segmenting customers into near-identical products, or varying value through non-tariff components such as fees, conditional benefits, bundles, and rewards mechanisms. This could reintroduce complexity and reduce comparability in ways that undermine the intent of the reform.

There is also a risk that strict plan-level price uniformity could unintentionally constrain legitimate forms of innovation where costs genuinely differ across customer cohorts, particularly for products that integrate additional services such as technology orchestration, automation, or differentiated risk management.

Tesla therefore supports the intent of Recommendation 1 and views it as a constructive step toward improving baseline fairness. However, we recommend the final report give equal attention to the operational design needed to make the reform effective in practice. This includes clear definitions of what constitutes "the same plan," safeguards against trivial product segmentation, and disclosure settings that prevent complexity from being pushed into structures that are harder for consumers and comparison tools to interpret. With careful design, Recommendation 1 can deliver better outcomes and improved trust; without it, there is a risk of encouraging plan proliferation and complexity by design that weakens comparability and consumer confidence.

Recommendation 2 - Competitive franchise for customers who have not chosen a market offer

Tesla supports the intent of Recommendation 2 but does not support the proposed solution as drafted because it is operationally complex, creates material consumer experience risks, and may deliver perverse market outcomes.

Tesla agrees with the underlying problem statement. Customers who have not actively chosen a market offer should not be left paying structurally higher prices. The draft report's ambition that all customers remain on competitive offers is directionally sound. However, the competitive franchise model introduces a set of implementation issues that go to the viability of the mechanism, not merely its design refinement.

First, standing-offer customers are not a single cohort with a single set of needs. Many are disengaged by circumstance. Some are vulnerable. Some have language and literacy barriers. Some are in hardship. A mechanism that assigns customers through a bidding process risks being experienced as involuntary switching. Even if technically framed as a default assignment, consumers will experience it as "my retailer changed," and the consequences of that experience matter. If the onus is placed on the consumer to unwind the assignment if dissatisfied, the mechanism risks inverting the consumer-protection posture of the retail market and driving complaints, confusion, and political pushback.

Second, the operational design issues are significant and currently unanswered in the draft report. A franchise mechanism needs explicit design decisions about debt and arrears treatment, hardship continuity, billing disputes, payment plans, and whether and how obligations transfer. If debt transfers, bidders face credit and collection complexities that may reduce participation or distort bids. If debt does not transfer, the mechanism risks excluding the very customers it intends to protect. Either way, the model risks becoming administratively heavy and politically fragile.

Third, the model risks entrenching a lowest-common-denominator offering. If the mechanism is primarily price-based, bidders will rationally manage risk by minimising service features and exposure. That is a problem in a market that is rapidly becoming technology profiled. Customers with CER, EVs, or atypical load shapes may be assigned to retailers whose products are not suited to them. The draft report's

broader thesis is that energy service providers should compete by innovating and providing services customer's desire. A franchise mechanism that unintentionally allocates customers into offerings that are poorly matched to their circumstances would undermine that thesis.

Tesla therefore recommends that the final report maintain the intent of Recommendation 2 but shift the emphasis away from a franchise-assignment mechanism and toward solutions that improve outcomes without forced allocation. In particular, the final report should focus on measures that ensure disengaged customers receive a fair and competitive outcome through within-retailer best-offer duties, strengthened default product standards, and better comparison architecture. If the Commission seeks competitive discipline, that discipline can be achieved through benchmarking and regulated default service obligations rather than an auction-like reassignment process.

Tesla's broader concern is that the market does not need more moving parts that create consumer confusion; it needs fewer points of failure and clearer pathways to value.

Recommendation 3 - Periodic assessment of the impact of regulations and interventions on competition

Tesla supports Recommendation 3. Regulatory settings and interventions have proliferated across multiple workstreams, often with overlapping objectives. Individually, many are defensible. Collectively, they create material cost and time burdens that suppress innovation, particularly for new entrants and smaller teams. The retail market cannot evolve into the consumer-driven service market envisaged in the draft report if energy service providers spend disproportionate resources navigating fragmented compliance obligations and consultation processes that are inconsistent across jurisdictions and network areas.

A periodic assessment mechanism should explicitly evaluate the cumulative burden, not just the marginal impact of single interventions. It should also examine whether interventions are enabling or constraining participation pathways for flexibility, orchestration, and automation. Where the draft report seeks to reduce the proliferation of future interventions, this recommendation can become a governance mechanism that checks whether the system is on a trajectory that will actually reduce intervention pressure over time.

Recommendation 4 - Upgrade Energy Made Easy

Tesla strongly supports Recommendation 4. Energy Made Easy and Victorian Energy Compare have improved price comparability. However, they do not yet compare offers based on quality metrics and cannot compare many of the emerging offers that matter in a high-CER system, including wholesale pass-through elements, demand charges, export management, orchestration services, or bundled optimisation products. Tesla's experience as a new and dynamic retail entrant is that a material portion of customer value is currently difficult to communicate through existing comparison tools, which slows innovation and reduces competitive pressure on the dimensions that will increasingly drive consumer benefit.

The final report should be more explicit as comparison is no longer simply a price ranking exercise. It is increasingly a participation and service comparison exercise. Consumers need to understand what level of automation is offered, what the consumer retains control over, what risk is borne by the provider, and what rewards may be expected. This requires the AER to have both the funding and the governance process to keep pace with market innovation. Tesla strongly supports the establishment of an industry reference group with real market participants and product developers so that tool design reflects products being built and sold, rather than theoretical product categories.

Recommendation 5 - Amend rules to focus network tariff design on efficiency supporting a lowest-cost grid and fairer sharing of costs

Tesla supports the goal of Recommendation 5 but does not support the draft report's implied solution of shifting materially toward higher unavoidable fixed charges. The draft report presents an understandable network concern, network costs are largely sunk and must be recovered, while volumetric tariffs, particularly time-of-use structures, broadcast uniform signals that do not reflect the nature and location of capacity constraints. Tesla agrees with the diagnosis that uniform volumetric pricing has limitations and that current tariffs can charge customers more when it costs no more, and less when it costs no less. Tesla also agrees that the system needs clearer signals that support efficient choices and reduce long-run costs.

The problem is that the draft report appears to treat higher fixed charges as the equity mechanism that makes the rest of the framework workable. That approach is not equitable in practice, and it is not efficient over time.

A large fixed charge is the least behaviourally and economically useful component of a tariff. It is unavoidable. It reduces bill controllability. It weakens the economic case for efficient decisions, including energy efficiency, load shifting, and voluntary participation in flexibility products. It also makes it easier for networks to recover revenue irrespective of utilisation, which transfers utilisation risk from networks to consumers. That is a key reason networks push for fixed charges: they reduce the exposure networks face as the system becomes more uncertain and as CER changes consumption patterns. From the perspective of a regulated monopoly, that is rational. From the perspective of consumers and the National Electricity Objective, it is not automatically justified.

This risk transfer is not just an abstract concern. It interacts with the long-recognised incentive bias in network regulation. Where networks are disproportionately rewarded for capital investment and less strongly rewarded for operational efficiency, fixed charges can become a way to protect revenues while leaving the underlying incentive problem unresolved. Consumers then pay more unavoidable charges to fund a system that remains biased toward "build more," even where lower-cost alternatives exist. That is the opposite of the "use more before you build more" principle articulated by the AER Chair and widely accepted across the sector as the necessary posture for a constrained grid with high CER penetration.

The draft report also relies on a dynamic component that varies with network conditions, including location-specific congestion. Tesla is supportive of dynamic and location-aware signals in principle, but it is not credible to assume pricing alone will manage constraint outcomes, particularly if the dynamic value stream is small, infrequent, or uncertain. This is the missing middle. If higher fixed charges rise materially while the dynamic reward component is undefined or tokenistic, consumers will rationally disengage. The signal they receive is not "flexibility is rewarded"; it is "your unavoidable costs have risen and you may or may not earn small rewards sometimes if you behave perfectly." That is not a bankable proposition for households.

The final report should therefore avoid endorsing an end-state that is predominantly fixed. Instead, it should set design principles that preserve meaningful marginal value and pair pricing reform with obligations and mechanisms that create credible consumer reward pathways. International experience supports this. In the UK, relying on price signals alone did not unlock sufficient consumer-led response at the distribution level. Over time, the system moved toward procurement of flexibility as a service, with governance and market facilitation reforms intended to reduce fragmentation and improve customer experience. The key lesson is not that pricing is irrelevant. Pricing needs to be complemented by procurement and incentive frameworks that create predictable value streams and avoid penalising first movers.

Tesla's concern is that the draft report currently leans toward a framework where the main thing that becomes predictable is higher unavoidable charges, while the value stream becomes uncertain. That combination will reallocate costs rather than reduce them. It will also create political risk at the moment governments have encouraged household investment in batteries. CER owners should not be penalised for having invested in assets that reduce emissions, support self-consumption, and can deliver system services. The reform package must preserve trust by ensuring that when unavoidable costs rise, the pathway to earning value is visible, credible, and accessible.

What should be actioned instead is a recalibration of Recommendation 5 so that the final report explicitly treats "reward consumers for valuable behaviour" as an operational requirement, not an aspirational statement. The final report should strengthen the expectation that networks must actively source lower-cost alternatives, including consumer-led flexibility, before relying on tariff reallocation as the equity mechanism.

Recommendation 6 - Amend rules to ensure networks design tariffs for energy service providers rather than directly for customers

Tesla supports the direction of Recommendation 6, but the recommendation cannot succeed if Recommendation 5 is implemented through a large fixed-charge model. Tesla agrees that energy service providers are best placed to translate real-time and complex signals into predictable consumer offerings where consumers value it. Networks should not reach behind the meter. Networks should not seek direct

control of consumer devices. The correct model is for networks to publish their needs and constraints, and for energy service providers to bear the risk and responsibility of responding on behalf of customers who opt in to participation.

However, the draft report simultaneously suggests a move toward higher fixed charges on the basis that energy service providers can "manage" these changes for customers. Fixed charges cannot be managed in any meaningful sense. They can only be passed through, absorbed (which is ultimately unsustainable), or offset through other value streams. The draft report currently does not articulate where those other value streams will come from, other than a general reference to wholesale volatility and dynamic network rewards that may be small or infrequent.

This creates a structural contradiction. Recommendation 6 seeks to enable innovation by providers, but Recommendation 5 as drafted reduces the "space" in which providers can innovate because a larger share of costs becomes unavoidable and unresponsive to optimisation.

A provider-centric tariff framework must therefore be grounded in a coherent allocation of roles. Networks should remain accountable for designing tariffs that support efficient utilisation and lowest-cost outcomes. Energy service providers should have stable, predictable interfaces and processes to implement retail offerings. Consumers should have genuine choice and be appropriately rewarded for participation. Reforms that simply shift more cost into fixed charges make it easier to "package" pricing, but they do not make the system more efficient. They simply make the bill less responsive and reduce the payoff to participation.

Tesla supports reforming the customer impact principle into an energy service provider impact principle if it improves implementation and reduces process burden, but this should not be treated as a licence to produce tariffs that are politically or practically unacceptable. Customer understanding principles may need reform because the system is too complex for direct end-customer interpretation, but consumer protections still matter. The right balance is to simplify and standardise so that energy service providers can translate complexity into simple consumer products, while networks remain accountable for outcomes.

Finally, Tesla strongly supports standardising and simplifying tariff consultation and tariff structure statement processes to reduce compliance costs. As a new entrant, engaging in multiple DNSP tariff reset processes is materially time-consuming and complex. A single NEM-wide or standardised process approach would materially reduce barriers to participation and improve the quality of engagement, which aligns with the draft report's own recognition that current arrangements impose significant burdens and may be misdirected.

Part B- Responses to all draft questions

Question 1 - Loyalty tax reforms: would Recommendation 1 provide a better outcome for market offer customers, and what else is needed?

Yes. Tesla considers Recommendation 1 could deliver a better outcome for market offer customers because it removes an inequity that is unrelated to cost, difficult for consumers to detect, and corrosive to trust. It shifts competition away from exploiting inattention and toward competing on genuine value. To make this durable, the final report should anticipate and prevent circumvention through plan proliferation and technical distinctions without real substance. If "same plan" can be redefined through marginal differences to preserve differential pricing, the market will converge back toward complexity-driven segmentation.

The Commission should also recognise that as products evolve, value may increasingly sit in services layered around tariffs, including orchestration and optimisation. This recommendation should therefore be framed as a floor of fairness on base pricing that enables competition on additional value without penalising inertia.

Question 2 – Competitive franchise: would Recommendation 2 provide a better outcome for standing offer customers, and what else would work better?

Tesla supports the intent but does not support the franchise model as drafted. The competitive franchise mechanism introduces substantial operational complexity and consumer experience risk. It risks being experienced as involuntary switching. It creates unresolved design issues around consent, communications, hardship continuity, complaint handling, and arrears treatment. These are not peripheral issues; they will determine whether the mechanism protects consumers or creates confusion and backlash. It also risks entrenching a lowest-feature outcome if bidding focuses on price and participants manage risk by minimising service quality and innovation.

There is also a growing misalignment with technology-profile households. In a high-CER market, it is increasingly important that customers are matched to products that recognise their circumstances, including load shape, DER capability, and preference for automation. An assignment mechanism that does not explicitly account for these differences risks harming outcomes for precisely the customers who could contribute to lower system costs.

Tesla recommends that the final report retain the intent of Recommendation 2 but shift the primary solution toward mechanisms that improve outcomes without forced assignment, including strengthened within-retailer best offer obligations, default product standards, and better comparability infrastructure. This approach is more operationally feasible, less politically fragile, and more consistent with a consumer-centric market design.

Question 3 - Periodic review of regulatory effectiveness: do we support it, and what should it examine?

Tesla supports periodic reviews. These reviews should explicitly examine the cumulative burden of regulation and the degree to which frameworks enable or inhibit innovation. In Tesla's experience, regulatory burden is a real dampener on the ability of energy service providers to create, test, and scale new products. In a market that is meant to evolve rapidly to integrate CER and deliver lower system costs, that burden becomes a direct consumer cost.

The periodic reviews should also assess whether regulations support consumer participation pathways. The draft report is right that consumers can deliver material system value if some devices respond some of the time. The question is whether the regulatory stack makes it easy to offer those pathways at scale, or whether complexity and fragmentation suppress participation.

Question 4 - Energy Made Easy: what improvements are needed and what else can support comparability?

Tesla strongly supports expanding Energy Made Easy and broadening its capability beyond pure price ranking. The tool should evolve to compare offers that involve wholesale pass-through elements, demand and export charges, automation, orchestration features, VPP participation, and broader optimisation services. If products cannot be compared, competition will not work effectively, and consumers will either disengage or select based on simplistic cues that do not reflect real value.

The reform should be governed through an industry reference process, not consultant-driven assumptions. The AER needs continuous market intelligence about the product frontier, including what is being built and sold. A comparison tool that lags the market will inadvertently slow innovation by reducing consumers' ability to understand and select differentiated offerings.

Beyond Energy Made Easy, comparability can be improved through standardised disclosures for participation pathways, clearer classification of products so consumers can understand what they are opting into, and improved access to customer data so comparisons can reflect actual usage profiles. Consumers should not need to be experts to make a good decision; the system should make it easy to compare meaningfully different offers.

Question 5 - Would the proposed reforms deliver more efficient network tariffs and better promote consumer interests than existing rules, and what would work better?

Tesla agrees that the current framework does not reliably deliver efficient network tariffs. However, Tesla does not consider the draft report's implied direction toward predominantly fixed charges would better promote long-term consumer interests.

Efficiency in this context must mean lower total system costs and better utilisation of existing assets. A large fixed charge moves the system away from utilisation signals and toward a guaranteed cost recovery model. It weakens the incentive to shift load, to invest in flexibility, and to participate in programs that could reduce peak demand and defer augmentation. It reduces bill controllability and undermines agency. It also risks increasing the political pressure for intervention because households will experience rising unavoidable charges as inherently unfair, particularly where outcomes depend on geography.

The better approach is to preserve meaningful marginal value and pair pricing reform with an incentive and procurement architecture that makes flexibility a bankable alternative to network augmentation. Pricing can support efficiency, but it cannot be assumed to deliver operational constraint management reliably at scale. The final report should therefore explicitly recognise that where local constraints are episodic and location-specific, procurement of flexibility as a service is a more effective and equitable mechanism than expecting price signals alone to do the job.

A framework consistent with "use more before you build more" requires that networks be obliged, through incentives and accountability measures, to pursue operational alternatives and flexible services before turning to augmentation and then recovering the cost through unavoidable charges.

Question 6 - Would removing or amending customer principles make energy service providers central to tariff design and can TSS timing be amended to reduce compliance costs?

Energy service providers should be central, but simply removing customer principles is not sufficient and may be counterproductive. The better approach is to reform principles so that they explicitly support implementation for energy service providers while maintaining appropriate consumer protections. The goal should be to ensure network tariffs can be translated into workable retail products and that networks remain accountable for designing tariffs that promote efficient outcomes rather than merely recovering revenue.

On TSS timing and process, Tesla strongly supports reform to reduce compliance costs and improve standardisation. The current landscape is fragmented and time-consuming, particularly for new entrants. Standardised processes, clearer timelines, and reduced duplication would materially improve participation by energy service providers and improve the quality of tariff design outcomes.

The final report should also address the fairness of network practices that constrain retailer choice of tariff assignment, particularly where new DER installations materially change load profiles. If networks seek flexibility in their own processes, energy service providers and consumers should also be afforded reasonable flexibility within limits.

Question 7 - Transitional support and distributional impacts: would the proposed transitional support manage the transition effectively and fairly and how should impacts be assessed?

Tesla considers the proposed direction toward predominantly fixed charges is not equitable, so transitional support cannot resolve the structural problem. Assessment of distributional impacts must acknowledge that outcomes will vary materially by network area and historical investment decisions. This postcode-driven variability is a core reason fixed-charge dominance will be politically and socially unstable. A transition that reduces bill controllability while increasing geographic disparity will be experienced as unfair, regardless of the modelling narrative used to justify it.

Transitional arrangements also need to take account of jurisdictional policy constraints that already prevent certain forms of cost pass-through. Where state policy settings restrict network charging approaches, the feasibility of "symmetry" in import/export pricing or certain tariff constructs becomes questionable. The final report should not assume a uniform national implementation reality.

A fair transition should instead prioritise sequencing. If any reduction in existing value streams occurs, whether through tariff restructuring or changes that reduce the economic benefit of flexibility, then an alternative pathway to value must already be visible, credible, and accessible. The feed-in tariff experience in Australia demonstrates the risk of removing value without a replacement pathway. The final report should explicitly treat trust and sequencing as core design constraints, not secondary considerations.

Question 8 - Implementation: could reforms be implemented through current processes or should acceleration be considered, and what else needs to be considered?

Tesla considers a decade-long pathway to be too slow if it means the system continues to accumulate costs and misses the opportunity to use existing consumer assets. At the same time, accelerating the wrong lever particularly a shift toward higher unavoidable fixed charges would increase consumer backlash risk and weaken participation.

The fastest progress should be made on reforms that build value pathways and reduce total costs rather than simply reallocating costs. There are practical actions that can be progressed earlier through guidance, pilots, and incentive trials. This includes strengthening network incentives to pursue utilisation and flexibility alternatives, simplifying and standardising tariff consultation processes, and expanding comparability tools so consumers can understand and access new services.

Implementation should explicitly recognise dependencies in metering, data availability, and operational processes. Market reforms that create new wholesale access pathways for CER, such as the work being undertaken through the Voluntary Scheduled Resources stream, show what it looks like to create structured routes to value. Similar seriousness should be applied to distribution networks: if the wholesale side is being modernised to unlock value and capability, network frameworks should place comparable obligations on networks to find and procure value, not just to recover costs through unavoidable charges.

What the final report should action instead

Tesla recommends the final report retain the Commission's vision but strengthen it by making the reward pathway for consumers real and credible. The final report should explicitly recognise that pricing reform, on its own, risks reallocating costs unless paired with mechanisms that create bankable rewards for flexibility and obligations on networks to pursue operational efficiency. The most important shift is that the final report should not endorse a predominantly fixed end-state as the default equity solution. Instead, it should set tariff design principles that preserve meaningful marginal value, constrain excessive reliance on fixed charges, and require networks to demonstrate that they have pursued flexibility and utilisation options before treating higher unavoidable charges as the answer.

To make this concrete, the final report should articulate an integrated pathway in which networks are held accountable for "use more before you build more" through incentive design and procurement expectations, energy service providers are empowered to translate signals into predictable consumer offerings, and consumers who have invested in CER are not penalised through changed economics without a replacement value stream.

This is also the only pathway that is likely to be politically durable. Households have been encouraged to invest. Energy service providers have invested in automation and orchestration to make participation easy. If the final report materially increases unavoidable costs while leaving dynamic value unclear, consumers will conclude that the rules can change after the fact even when they respond to government and regulatory signals. That conclusion will reduce participation, increase distrust, and invite the very interventions this review seeks to avoid.

Tesla supports the Commission's direction toward a more dynamic, consumer-driven market. We strongly support reforms that improve comparability and remove loyalty penalties. We support the intent of protecting disengaged consumers but do not support solutions that create operational complexity and poor customer experiences.

Most importantly, Tesla urges the Commission to reconsider the draft report's implied reliance on higher unavoidable fixed charges as a fairness mechanism. Fixed-charge dominance is not a lowest-cost pathway; it is a risk-transfer pathway. It reduces bill controllability, weakens incentives for flexibility, and embeds postcode-driven disparities. A durable reform package must preserve meaningful dynamic signals and create credible routes to value for consumer participation, while holding networks accountable to pursue operational efficiency and flexibility alternatives before resorting to augmentation and unavoidable cost recovery.

Tesla appreciates the opportunity to contribute and welcomes further engagement.