



## **Submission on - "The pricing review: Electricity pricing for a consumer-driven future"**

to Australian Energy Market Commission

Closing date for submissions: 13 February 2026

### **Introduction**

**Lighter Footprints** welcomes the opportunity to make a submission on the pricing review: Electricity pricing for a consumer-driven future. We feel the matters raised are important if we are to secure a just transition.

**Lighter Footprints** is a community-based group that lobbies Australian local, state and national decision makers to take the action necessary to halt global warming as a matter of urgency. We advocate a speedy transition away from fossil fuels.

For over a decade, we have educated, advocated and brought people together in Boroondara and surrounding suburbs to inform the community and promote a clean energy future. We have 3,900 people on our mailing list.

It is our belief that we are now entering the stage where behind-the-meter activities linked to innovative tariffs can help us transition to a more reliable and efficient grid and can help all households to benefit from cheaper daytime renewable energy.

#### **Our submission is structured as follows:**

1. Key messages
2. Responses to the recommendations

We have not responded in detail to all items but have made detailed responses where we feel these are required.

### **Key messages**

**We believe that:**

- **Behind the meter CER is improving the utilisation of existing generation capacity, reducing lost value from curtailment of existing utility-scale and residential solar installations and mitigating increasing transmission costs.**
- **Australia will not meet its emission reduction targets without actions from concerned citizens.**
- **The Australian grid will be less efficient and more expensive without their actions.**
- **The details of the proposed network tariff design will not achieve the desired outcomes, and we recommend further consultation and analysis in this area.**

- **The networks should continue their interaction with customers if they are to design improved tariffs.**
- **Retailers should be encouraged to offer complicated tariffs for households that can use them productively.**

The key points from our other responses are as follows:

#### **Recommendations 1, 3 and 4**

- In general, we support recommendations 1,3 and 4 although we have recommendations that might help with the implementation of these concepts. We think it is important to have a fully functional electricity comparison website to support customers in making decisions.

#### **Recommendation 2**

We recommend alternative approaches that may be more acceptable to customers not on a market plan.

#### **Recommendation 5**

- We believe that recommendation 5 requires more work. In particular, we feel that increasing fixed charged would:
  - Reduce the ability of networks to design appropriate tariffs
  - Present a barrier to activities that lead to a lowest-cost system
  - Increase tariff inequity
  - Create a barrier to the ongoing success of the energy transition.

We believe that these are all serious considerations.

#### **Recommendation 6**

- We are strongly opposed to recommendation 6, making Energy Service Providers central to network tariff design consultation by removing the 'customer impact' and 'customer understanding' principles that are creating a focus on the consumer, rather than the energy service providers.
- It is important that there is a consumer focus in energy pricing and Energy Service providers have shown themselves not to be good consumer representatives.

## Responses to the recommendations

### **Theme 1: Harness competition to improve outcomes for all consumers**

**Recommendation 1: Require energy service providers to charge all customers on the same plan the same price, to address the 'loyalty tax' on customers who don't switch and ensure every customer is always on the best price.**

In principle we agree with this recommendation.

However, there are no comparison sites that deal effectively with innovative tariffs and bundled services. (Clients may pay more because services are linked to Internet or gas). We believe that compliance should be strictly enforced to ensure compliance.

**Recommendation 2: Introduce a competitive franchise for the cohort of customers who haven't chosen a market offer, so that all customers are on a competitive plan.**

While we understand the concepts behind this recommendation, we believe that compulsory switching of customers with no interest in competitive landscape could create an unreasonable backlash as it would force these customers to participate in the market and would involve changing payment methods.

We believe that there are alternative options that would cause less customer disruption while achieving a good outcome.

Firstly, we recommend offering free advice to customers who haven't chosen a market offer. This advice would help participating customers to select a suitable plan.

Secondly, for customers that do not participate, we recommend mandating a switch of remaining customers who haven't chosen a market offer to their retailer's current market offer which must be better than the default offer for that market. In this way customers can remain with their current retailer albeit on an approved plan. Recommendation 1 should ensure that this plan remains current.

**Recommendation 3: Periodically review whether regulations are supporting good consumer outcomes in an evolving market.**

We support periodic reviews although we understand that many customers do not wish to engage with the market and low customer engagement means that many customers do not get good customer outcomes.

### **Theme 2: Make it easier for consumers to compare retail offers by increasing the comparability of offers to increase competitive pressure in the market**

**Recommendation 4: Provide the AER with additional funding to upgrade Energy Made Easy so that consumers can easily compare electricity offers, including new and emerging types.**

We fully support this initiative. It is very important that consumers can easily compare energy offers. We would like to see particular improvement in the following areas:

- Properly handling innovative retail plans
- Allowing for customers to put in proposed usage changes – based on further electrification or efficiency improvements
- Introduce support for comparing bundles offers from retailers (such as electricity and internet).

### **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.**

We feel that the recommendations in this area require much more thought and consultation. We have read the explanations with interest, and we have found some undesirable outcomes when we interpret the detail behind the recommendations. Our comments are as follows:

#### **The design of network tariffs**

The design of network tariffs is a complex business and network businesses are only able to influence customer behaviour indirectly. Tariff design ignores local issues (such as a transformer replacement in one area) as the network is in a perpetual flux. If network tariffs are to form the basis of signals to end customers, they need to consider the drivers of capital expenditure and the changing demands on the networks.

##### **a) Who should design network tariffs**

We believe that the networks are in the best position to determine tariffs that will lead to a lowest-cost solution and that the AER is in a position to enforce such action if rules are changed.

We believe that the networks should consult with parties that can:

- Provide an indication of changes coming to the market
- Have an incentive to reduce demand, thus reducing network costs
- Understand what changes might impact vulnerable groups adversely.

Expecting Energy Service providers to represent customers in this feedback is unrealistic. We understand that it may be of benefit for tariffs to be easier for Energy Service providers to process, but we believe that the feedback from customers is an essential part of the networks understanding expectations and possible changes in system use.

The current market has been over-complicated by the Energy Service Providers and that many of the issues being addressed in this report counter actions by these parties. Putting more power into their hands is counter intuitive.

##### **b) What are the barriers to improved network tariffs**

- Network tariffs would be improved if they had a time-of-use component. However, many customers do not wish to time of use billing.

- Network tariffs should not be too complicated as they will be an input to Energy Service Provider costs.
- Networks may have resistance to innovative behind-the-meter activity. The AER should have increased powers to manage this. It should be noted that Energy Service providers have similar incentives to discourage such activities but are unregulated.
- The networks should have to decide, and justify, the role of volumetric tariffs bearing in mind the need to keep the momentum of the energy transition.

### **The proposed move away from volumetric tariffs**

We have the following major concerns concerning the proposed move away from volumetric tariffs:

- A move away from a volumetric tariff would be a barrier to our energy transition
- A larger fixed tariff would increase inequalities, favouring large users and penalising low energy users

#### **a) A barrier to our energy transition**

We believe that the proposed move toward predominantly fixed electricity network charges would undermine one of the most important drivers of household decarbonisation: the incentive to use less energy.

Lighter Footprints has been working with the community for many years encouraging individuals to reduce their carbon footprint. More recently, there has been a strong emphasis on installing solar panels, installing batteries, electrification and energy efficiency. Every one of these contributes to a smoother and faster transition. In most cases we have been aligned with government policy while in others we have been ahead of policies.

It is our belief that the installation of solar and batteries have accelerated the transition by reducing demand on remote generation and by relieving pressure on the distribution grid. We see that consumers can continue to play a prominent part in the energy transition if given reasonable incentives. It should be noted that the NEM and the distribution networks held up extremely well under exceptional pressure in late January when much of southern Australia experienced heatwaves and bushfires. Consumers with behind-the-meter generation and storage paid a significant role in the overall resilience of the networks.

Many households have invested in efficient appliances, improved household insulation, and invested in solar, batteries and electrification, reducing their carbon footprints and reducing their bills. Linking their bills to volume and timing has driven much of the changes with battery owners reducing demand during peak periods reducing pressure on the grid. Removing that link and putting in place increased fixed charges will reduce the incentive for individuals to take action, send the signal that individual actions no longer matter and could potentially slow down our energy transition.

Every household that reduces its energy consumption is reducing pressure on the grid. This is often achieved through changed behaviour such as insulating, appliance upgrades, and limiting electricity usage by managing heating and cooling. Volume linked tariffs reward those who change their behaviours to reduce electricity usage and reduce emissions.

In our view, Australia will not meet its emission reduction targets without actions from concerned citizens.

**b) A larger fixed tariff would increase inequalities, favouring large users and penalising low energy users**

We believe that a larger fixed tariff would increase and not reduce inequalities.

1. We reference the comment below from the report:

Generally, network costs are recovered on a volumetric basis, which means the costs of infrastructure are not shared fairly among electricity consumers. For example, customers with rooftop solar and a battery contribute less to network costs than customers with the same electricity consumption who only use grid power, despite both groups of customers depending on the network.

The comments above imply that all customers contribute to network expenditure equally. This is not the case. Much of the capital expenditure of network operators is linked to upgrading the network to allow for increased demand. In the past this was linked to the uptake of air-conditioners while EV charging will be a current driver. In our opinion it would be manifestly unfair if a resident in a one-bedroom apartment paid a similar network charge to an owner of a large house, with a pool and two EVs. This would be morally and economically incorrect.

Furthermore, in the example used in the report of two users, one with solar and a battery and one without, it is true that both use the network. However, the user with the solar and the battery may be reducing the overall network demand, reducing the need for further capex and helping to achieve a lower-cost system. It is possible that the network would be more efficient with more customers with behind-the-meter batteries and that the efficient network tariff would be to provide credits to battery owners.

Determining an equitable sharing of costs is a complex task and it is not clear to us that the detailed recommendations in the report would deliver improved tariffs for a consumer driven future.

**Increased unfairness - The winners and the losers**

Increasing fixed tariffs would lead to increased tariffs for low use consumers. Included in this group are:

- Most apartment dwellers - apartments usually have smaller footprint than stand-alone homes and have fewer external walls and roofs. This category includes many students and vulnerable customers
- All vulnerable customers - those who restrict energy use because of cost. With increased charges this will make life more difficult.
- Customers with households that are substantially gas powered - with low electricity usage. This category includes:
  - renters (who have no choice of fuel)
  - those who cannot afford to transition or have other concerns regarding transition

The winners, who will receive reduced bills represent high energy users. This group could have significant cost reductions resulting in no action to reduce consumption or even increased consumption.

Given current cost-of-living concerns increasing costs for these consumers seems unreasonable and an increase in the fixed element of customer bills would increase unfairness.

**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.**

We are strongly opposed to making energy service providers central to network tariff design consultation by removing the 'customer impact' and 'customer understanding' principles that are creating a focus on the consumer, rather than the energy service providers.

We are happy for there to be an increased focus on making life as easy as possible for Energy Service providers, but the consumer is driving the current changes, and it is important the network continue to consult with users.

It is important that someone with a role in network pricing considers customer impacts and it is unreasonable to expect that Energy Service providers will perform this role. The report talks about networks consulting with customers. We would be interested in hearing the last time that any of the Energy Service Providers consulted with their customers.

The current market has been over-complicated by the Energy Service Providers and that many of the issues being addressed in this report counter actions by these parties. Putting more power into their hands is counter intuitive.

We would also like to point out that if Energy Service provider pricing was clear and transparent and if users were well informed and actively engaged with the market it is very likely that many of the Energy Service Providers would lose the majority of their customers.

We agree to publication of this submission.

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SUBMISSION BY:

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