

13th February 2026

Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

submissions@aemc.gov.au

Dear Ms Collyer,

RE: The draft report “The pricing review: Electricity pricing for a consumer-driven future” (EPR0097)

At Nectr we are committed to driving the energy transition for the benefit of energy consumers. We are concerned that the proposed change will lead to a less efficient usage of the network and inhibit the expansion of renewable energy provided by distributed energy resources.

This submission is chiefly concerned with Question 5 from the Pricing Review Draft Report:

Question 5: Implement reforms such that network tariff design is focused on efficiency

- *Do you consider that the proposed reforms would be effective in delivering more efficient network tariffs and better promote the long-term interests of consumers than the existing rules?*
- *If not, are there different approaches that would work better?*

INTERESTS OF CONSUMERS

From the Pricing Review Draft Report, *“These changes are intended to lead to more efficient tariffs that are predominantly fixed, but with a dynamic element designed to reward consumers for avoiding grid consumption that increases network investment costs.”*

The AEMC has long advocated for cost reflective tariffs that incentivise customers to shift energy use through penalties and rewards. Increasing revenue derived from fixed fees reduces incentives, as customers can’t do anything to avoid fixed fees. Reducing incentives will likely lead to a less efficient system.

Customers who have responded to price signals by shifting energy usage or implementing CER will be penalised by this change and receive higher bills as a result, as load shifting cannot mitigate fixed fees. Batteries will become less economic if network charges are concentrated in fixed fees. The net effect of this change is to disempower customers who will be less able to reduce their bills through behaviour change or investing in CER.

We note that the original ask from Energy Ministers included a request on ‘Assisting hardship customers.’ Increasing revenue from fixed fees limits a customer’s ability to reduce bills through reducing energy consumption. Thus, we think this change could disadvantage hardship customers.

The implementation of dynamic pricing presents a significant challenge in terms of customer communication and billing, likely incurring costs that would flow through to customers.

A DIFFERENT APPROACH

The installation of behind-the-meter (BtM) batteries is underpinned by the avoidance of network charges and the recent surge in battery uptake is a clear threat to network revenue. At the same time, networks are considering non-network options to control costs. AEMO have stated *“If CER is coordinated at scale and in a predictable and reliable manner, there may be a significant reduction for the scale of network and utility-scale*

*investments needed to firm renewable energy supplies to maintain reliable and secure supply.*¹ It seems likely that networks will rely on aggregated CER (aka VPPs) in the future.

Battery customers contribute less to the cost of electricity network compared to customers without these assets; however, battery customers also have the potential to contribute through the provision of network services if suitably aggregated into a VPP. This could be considered as a form of in-kind payment. However, as noted in the Pricing Review Draft Report “*VPP uptake lags that of battery installations across the NEM*”.

To support the transition to distributed energy, we propose that customers are able to retain access to network tariffs with minimal fixed costs if they agree to participate in VPPs that support network requirements. Retailers and aggregators could respond on behalf of their customers to a network’s call for export at specific times (‘events’) or execute desirable load shifting or curtailment through the implementation of algorithms. VPP actions could be mediated through remote control of batteries, inverters, hot water, air conditioning, or EV chargers. Unlike systems to manage dynamic network charges, VPP platforms and products already exist.

Changes in tariff design should not rob consumers of the opportunity to run a low-usage, low-cost household or business. A tariff framework that links preferable network charges directly to participation in network-responsive VPPs would equip networks with greater flexibility, and through the effective use of BtM assets, create a more efficient energy system.

Should you wish to discuss this further, please contact me using the details below.

Kind regards,



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¹ *Draft 2025 Inputs, Assumptions and Scenarios Report*, <https://www.aemo.com.au/-/media/files/major-publications/isp/2025/draft-2025-inputs-assumptions-and-scenarios-report-stage-1.pdf>