

SUBMISSION TO AEMC: EPR0097 - Electricity pricing for a consumer-driven future

I am lodging this submission as an individual and request that you keep my personal information confidential (including but not limited to, name, email address, phone number).

I strongly oppose the proposed shift toward predominantly fixed electricity network charges.

My Situation

I am a residential electricity consumer who has invested in rooftop solar to reduce my household's electricity costs and environmental impact. Our existing solar system has been working well to offset our daily usage costs. Based on the benefits we've seen, we have recently signed a contract to install additional solar capacity and a battery storage system.

These investments were made in good faith, with the expectation that reducing our grid consumption would continue to provide meaningful financial returns. The proposed changes to fixed charges would fundamentally undermine this expectation.

Financial Impact on Solar and Battery Investment

The proposal would severely damage the economics of household solar and battery systems. Analysis shows that:

- Existing solar and battery households could see bills increase by \$400-\$680 per year compared to current tariffs
- For new installations, the payback period could extend beyond 10 years - often exceeding battery warranty periods
- The reduction in savings would make many systems financially unviable

My recent investment decision was based on current pricing structures. Shifting costs to fixed charges after consumers have already committed capital to solar and batteries is fundamentally unfair and represents a significant erosion of the investment case that motivated our decision.

Perverse Incentives and Policy Contradiction

This proposal creates deeply problematic incentives:

1. **Penalising efficient behaviour:** Households that reduce consumption through energy efficiency, solar, or batteries would see minimal bill reductions despite their efforts and investments
2. **Undermining clean energy transition:** At a time when Australia needs rapid deployment of distributed energy resources to meet renewable energy targets, this change would actively discourage the very investments required
3. **Rewarding high consumption:** High-usage households would benefit while low-consumption households - often those on lower incomes - would pay disproportionately more

Equity Concerns

Fixed charges are regressive by nature. They impact:

- Low-income households who already minimise electricity use
- Pensioners and retirees on fixed incomes
- Renters and apartment dwellers who cannot install solar

- Small households with naturally lower consumption

These consumers would face unavoidable higher costs with no ability to reduce their bills through behaviour change or efficiency investments.

Grid Benefits Being Ignored

The proposal fails to acknowledge that rooftop solar and batteries provide significant benefits to the grid:

- Reduced peak demand, lowering infrastructure requirements
- Local generation reducing transmission losses
- Distributed resources improving grid resilience
- Deferred network investment costs

Rather than being penalised through fixed charges, solar and battery households should be recognised for these contributions.

Process and Evidence Concerns

This is a self-initiated review by the AEMC, yet the most consequential proposal - shifting to predominantly fixed charges - lacks:

- Published comprehensive bill modelling
- Real-world evidence supporting the approach
- Adequate consideration of impacts on clean energy investment
- Consultation with affected stakeholders before proposal development

Given the magnitude of impacts on households, equity, and Australia's energy transition, this proposal requires a far higher evidentiary standard than currently demonstrated.

Risk of Grid Defection

If fixed charges continue to rise, wealthy households will increasingly invest in off-grid solutions with publicly subsidised batteries that no longer support the broader grid. This creates a death spiral:

- Reduced customer base for shared network costs
- Even higher fixed charges for remaining customers
- Further incentive for those who can afford it to disconnect
- Entrenchment of a two-tier energy system

This outcome would be disastrous for energy affordability and equity.

International Practice

Globally, regulators are moving toward pricing structures that preserve consumer choice, bill control, and incentives for demand flexibility. Australia risks moving backward by adopting an approach that other jurisdictions are actively avoiding.

My Request

I urge the AEMC to:

1. **Reject the proposal** to shift network pricing toward predominantly fixed charges
2. **Maintain usage-based pricing** that rewards efficiency and clean energy investment

3. **Publish detailed modelling** of distributional impacts across different household types and income levels before considering any changes
4. **Strengthen, not weaken**, incentives for households to invest in solar, batteries, and energy efficiency
5. **Protect equity** by ensuring pricing structures don't disproportionately burden low-consumption and lower-income households

Electricity network charges currently make up to 50% of household bills. How these charges are structured directly impacts household finances, clean energy investment decisions, and Australia's ability to meet its emissions reduction commitments.

A fair electricity system should reward households who reduce demand and generate clean power, not punish them for making investments that benefit both their household budgets and the broader energy transition.

Conclusion

I invested in solar and batteries to reduce my electricity costs, lower my environmental impact, and support Australia's clean energy future. This proposal would undermine all three objectives while creating serious equity problems and threatening the viability of the distributed energy sector.

I strongly urge the AEMC to reject this proposal and maintain pricing structures that preserve consumer agency, support clean energy investment, and promote fairness.