Re: Electricity Pricing for a Consumer-Driven Future – Impact of Higher Fixed Network Charges

I am a residential consumer who has invested significantly in rooftop solar and battery storage to reduce grid reliance and contribute to Australia's clean energy transition. My concern is that increasing fixed network charges materially undermines the economics of distributed energy investment and weakens consumer participation.

1️⃣ Current Household Profile (Illustrative Example)

To demonstrate the impact, I provide a realistic household scenario:

- Annual consumption (before solar): 7,000 kWh
- Solar system: ~13 kW
- Battery: ~30+ kWh storage
- Grid imports after solar + battery: ~1,500 kWh per year
- Solar exports: ~6,000 kWh per year

Retail assumptions:

- Import rate: $0.34 per kWh
- Feed-in tariff: $0.04 per kWh
- Daily supply charge: ~$1.00 per day (~$365 per year)

2️⃣ Bill Under Current Structure

Grid import cost

1,500 kWh × $0.34 = **$510**

Solar export credit

6,000 kWh × $0.04 = **$240 credit**

Net energy cost

$510 − $240 = **$270**

Supply charge

$365

Total annual bill

≈ $635

This reflects the benefit of investing in solar and storage.

3️⃣ Scenario: Increased Fixed Charges

If daily supply/network charges increase to $2.00 per day (which is plausible under a cost-rebalancing model):

$2 × 365 = **$730 fixed cost**

Total bill becomes:

$270 (net energy) + $730 (fixed) = **$1,000 per year**

That is a **57% increase** despite minimal grid usage.

Importantly, this increase occurs regardless of how efficiently I use energy.

4️⃣ Impact on Solar + Battery Payback

Assume:

- Solar + battery investment: $25,000–$30,000
- Annual savings under current structure: ~$2,000+ compared to no solar
- Payback: ~10–12 years (reasonable for long-life assets)

If fixed charges increase by $365 per year:

- Annual savings reduce by $365
- Payback extends by 2–3 additional years
- Internal rate of return drops significantly

For many households, this pushes the investment from “financially viable” to “marginal.”

This will reduce future uptake.

5️⃣ System-Wide Implications

Households that invest in solar and batteries:

- Reduce peak demand

- Defer network upgrades
- Improve grid resilience
- Provide distributed generation
- Lower emissions without government capital expenditure

Higher fixed charges blunt the incentive for households to continue making these investments.

The result may be:

- Slower rooftop solar growth
- Reduced battery adoption
- Greater reliance on centralised infrastructure
- Higher long-term system costs

This risks undermining Australia's distributed energy advantage.

6️⃣ Equity Considerations

Higher fixed charges disproportionately affect:

- Low-consumption households
- Energy-efficient households
- Apartment residents
- Households that have already invested in clean energy

A higher unavoidable bill component reduces consumer agency. When a larger share of the bill is fixed, consumers lose the ability to manage costs through behaviour or investment.

7️⃣ Recommendation

I respectfully urge the Commission to:

1. Avoid materially increasing fixed network charges.
2. Preserve volumetric price signals that reward efficiency and self-generation.
3. Protect investment certainty for distributed energy resources.

4. Conduct detailed modelling on investment impacts before altering tariff structures.

The energy transition relies on private capital investment by households. Policy settings should strengthen — not weaken — those incentives.