

13 February 2026

The Pricing Review - Electricity Pricing for a Consumer-Driven Future (EPR0097)

EXECUTIVE SUMMARY

I am writing to express serious concerns about the AEMC's Draft Report recommendations, particularly Recommendation 5 regarding network tariff design that proposes a shift towards a higher proportion of fixed charges. As the owner of a [REDACTED] battery system with [REDACTED] of solar, I have made a significant personal investment in consumer energy resources (CER) that benefit the entire electricity system. The proposed increase in fixed network charges threatens to undermine these investments, discourage further uptake of beneficial technologies, and create profound inequities in our electricity system.

OPPOSITION TO RECOMMENDATION 5 - HIGHER FIXED NETWORK CHARGES

I strongly oppose the proposal to move network cost recovery towards a higher proportion of fixed charges for the following reasons:

1. UNDERMINES INVESTMENT IN BENEFICIAL TECHNOLOGIES

Higher fixed charges fundamentally undermine the business case for consumer energy resources. The economic case for my investment was based on reducing volumetric grid consumption, avoiding peak charges, and responding to NEM price signals.

Increasing the proportion of fixed charges will:

- Discourage new investment in solar, batteries, and automation services
- Disadvantage existing CER owners who invested under current structures
- Undermine Australia's energy transition goals
- Eliminate the value of sophisticated market participation through wholesale pricing

Any increase to the proportion of fixed charges directly affects the economic case for consumer investment into energy efficiency and energy resources.

2. PENALISES ENERGY EFFICIENCY AND MARKET PARTICIPATION

The move to higher fixed charges reduces the price signal that encourages efficient energy use and market responsiveness. My household has invested in energy-efficient appliances, optimised consumption patterns, and uses SmartShift to respond to wholesale prices.

Ultimately, households making no effort to reduce consumption or respond to price signals would pay significantly less for their electricity bills while those who have invested thousands in grid-supporting technologies would be penalised by paying significantly more. This contradicts basic principles of efficient resource allocation and sends precisely the wrong signal during the energy transition.

3. CREATES PROFOUND EQUITY CONCERNS

The AEMC frames fixed charges as "fairer sharing" of network costs. This is incorrect.

Current arrangements are fair: those who use more pay more, those who invest in efficiency pay less, and efficient resource use is incentivized.

Fixed charges create unfairness by penalising low-consumption households (often low-income, retirees, small apartments), removing efficiency incentives, and creating cross-subsidies from efficient to inefficient users. Analysis by Tristan Edis, Director Analysis and Advisory at Green Energy Markets estimates this would cost low-income households \$200 annually and those with solar and batteries \$700 annually - a regressive outcome contradicting the AEMC's equity objectives.

4. RISKS GRID DEFECTION AND THE UTILITY DEATH SPIRAL

With a [REDACTED] solar and [REDACTED] battery system, our household achieves a self-sufficiency rate above [REDACTED] operating in on-grid mode. A simulation of the same system working off-grid indicates a possible self-sufficiency rate of greater than 99.9%, indicating that there would be only a handful of times every year where grid support would be necessary.

Significantly higher fixed charges would make complete disconnection economically attractive, even despite the value of grid connection for backup and export revenue. If households like mine disconnect, remaining customers face even higher costs, the grid loses valuable distributed resources, and system stability may be compromised. This serves no one's interest.

5. CONTRADICTS THE AEMC'S OWN STATED GOALS

The Draft Report promises "strong rewards for behaviours that genuinely help the system, for example, storing solar in batteries and using it during evening peaks."

Yet higher fixed charges eliminate these rewards. My SmartShift automated battery already does exactly what the AEMC wants - it charges during excess renewable generation (often negative prices), discharges during peak demand (high prices), and responds to real-time market signals. This is textbook market-responsive behaviour providing genuine system benefits.

How does a tariff with a higher fixed charge proportion reward this? It doesn't. It removes the volumetric price signals that make sophisticated battery management economically worthwhile. The AEMC proposes to destroy the very market mechanisms it claims to be creating - why would anyone maintain expensive battery systems and automation services if fixed charges eliminate the financial benefit of responding to price signals?

6. IGNORES EXISTING CONTRIBUTIONS

Households already pay daily fixed "supply" charges. CER owners also contribute through volumetric charges on imported electricity, system-level costs in generation/retail charges, and capital investments that reduce network augmentation needs. The claim that CER owners don't contribute fairly is demonstrably false.

ALTERNATIVE RECOMMENDATIONS

Rather than a higher proportion of fixed charges, I recommend:

1. MAINTAIN COST-REFLECTIVE PRICING - Continue volumetric components that reward efficient use and implement more granular temporal pricing signals.
2. CAPACITY-BASED FIXED CHARGES - Allow households to choose capacity tiers (e.g., 5kW/10kW/15kW peak) with corresponding fixed costs, maintaining choice while providing network revenue certainty.
3. PROPERLY VALUE GRID SERVICES - My SmartShift battery provides peak demand reduction, real-time demand response, renewable integration support, and avoided network augmentation. Recognise this value rather than eliminating it.
4. ENCOURAGE WHOLESALE PRICING PARTICIPATION - Amber customers represent sophisticated market engagement. Strengthen, don't undermine, the economics of wholesale pricing and automated battery management.
5. SUPPORT INNOVATION - Promote VPPs, time-varying tariffs, proper export compensation, and technology solutions rather than cost-shifting to efficient consumers.
6. PROTECT VULNERABLE CONSUMERS - Any fixed charge increases must be means-tested, phased gradually, capped, and accompanied by efficiency support programs.
7. RIGOROUS IMPACT ANALYSIS - Assess impacts across household types, CER investment decisions, grid defection risk, and cost distribution before implementation.

CONCLUSION

The AEMC's proposal to shift towards predominantly fixed network charges is fundamentally flawed. It will undermine investments in beneficial technologies, discourage solar and battery adoption, destroy the economics of wholesale market participation, remove efficiency incentives, create regressive impacts, risk grid defection, and contradict the AEMC's stated goals.

As someone using Amber's SmartShift to provide real-time market-responsive grid services, I represent precisely the kind of dynamic consumer the AEMC claims to want. Yet the proposed model would eliminate the economic incentive for this participation while simultaneously claiming to create a "dynamic energy services market." This contradiction is untenable.

The energy transition requires continued investment in solar, batteries, and market participation. Pricing signals must support, not undermine, these essential investments.

Kind Regards,

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