

## Submission for Electricity pricing reforms

Thank you for the opportunity to make a submission regarding the proposed changes to electricity pricing. Apologies that I have not submitted this in a format where I reference and respond to each relevant point in your document – having just become aware of this I simply do not have the time.

I am an individual, within a few years of retirement, with a solar panel system but no batteries. I invested in solar seven years ago, as a project to reduce my power costs and help the environment. This is a long term project, and already the financial viability has been undermined due to the now very low feed-in tariffs available.

I was motivated to make a submission by the article in the Sydney Morning Herald titled “*The power bill change that will sting low-earners \$200 more*” by Mike Foley on 7<sup>th</sup> February 2026. How accurate this is I am not qualified to determine, but I am certainly concerned that, after making a substantial long term investment in solar panels, that I could be penalised and my power costs could increase through no fault of my own.

It is well accepted that roof-top solar has contributed substantially to environmentally-friendly energy generation as our coal-fired power stations wind down and this is something that should continue to be encouraged. Any change to charging methodology should not punish those who have made a substantial investment in solar panels and or batteries.

I comment as follows regarding each proposed theme with my main focus being in Theme 2 as that’s where I have experience.

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

This is an admirable goal, although an inherent conflict exists when we have energy retailers whose own goals are to maximise profits, which will naturally be at the expense of consumers. There can be no doubt that whatever changes are made, energy retailers will look for ways to exploit those for their own profit.

Certainly, a robust competitive environment may produce savings for consumers, but I would certainly not consider the current offerings from energy retailers as *highly* competitive. I annually review and recalculate energy use and plan costs for my own account and also for family members and it’s not often there is sufficient difference between retailers to get excited about changing. Having said that, I have changed supplier myself three times in the last four years. Although I have saved some family members a significant amount on occasion when their usage pattern has changed.

I also observe that there seems to be over 80 energy retailers, which to me suggests many have jumped on this bandwagon as its seen as profitable – for them, so not necessarily for consumers. And I tend to believe, most retailers range of plans are calculated in such a way that it doesn’t really matter which one you choose, they will make a similar profit – for example, higher fixed charges make up for lower usage charges, or a higher feed-in tariff is offset by higher usage or fixed charges.

From a fairness perspective, network Distributors, such as Essential Energy, which covers a much larger area than their metropolitan equivalents, and as a government owned entity, when

in the modern world access to fairly priced electricity is a basic need, my belief is all users, irrespective of their location, should pay the same fixed network cost rather than penalising consumer because of where they live.

Any improvement to avoid the 'loyalty tax' is to be commended. Introductory offers, common in financial services as well, are a short term 'bait' that many people fall for and then fail to consider the actual costs that will apply at the conclusion of the introductory period.

Offering Innovative plans, say for different times of the day as suggested in your document, would need data for those usage periods to be available on bills to enable comparisons – as per my comments under Theme 2.

## **Theme 2: Make it easier for consumers to compare offers that suit them**

In a previous life, I worked as a consultant assisting small businesses (and individuals) in managing their telecommunications and energy costs. For most business owners and for individuals, the complexity of plans available makes the whole exercise of comparing options just too hard. I know very few people who understand their electricity bill and never look beyond the amount payable. So this again is an admirable goal. How you can achieve this in a 'competitive' free market will be challenging. Its in the interests of the retailers to make their plans appear attractive but at the same time inhibit comparability.

The proposal to improve the Energy Made Easy comparison service would definitely help, but I often find the comparison provided by it and that calculated myself using actual bills (over a 12 month period to cater for seasonal influences) are not comparable.

The Energy Made Easy site could be improved by –

- The site quotes that *“Estimated prices are based on typical usage in your postcode, with regular usage on weekday afternoons and evenings. Prices are not personal estimates and your household's usage may vary. Prices exclude solar payments, concessions and bonuses (no discounts available).”* If the NMI data is available, why doesn't it use actual data and usage patterns ? The variables in household consumption include whether they have solar, whether they use gas as well, do they have an EV, whether their hot water is solar, electric or gas. These factors, along with the method of heating and cooling used, contribute to the unique usage patterns of different households. Using 'typical usage' can be very deceiving and result in a flawed outcome.
- Not leaving it up to the consumer to try to determine which network tariff might apply when trying to ascertain if they are eligible for this plan. If it has your NMI data, it should also know which network tariff applies. On that basis, entering the NMI would need to be mandatory.
- Being clearer with solar feed-in tariffs when there is a threshold, such as when they offer so much for the first portion of feed-in, and then another rate thereafter. This isn't always clear and also makes it harder to compare. In my opinion this is (deliberately) confusing and should not be permitted – the feed-in rate should be irrespective of how much you feed-in per day or per month or per bill (a basis that's not always clear).
- Ban all the other so-called comparison sites. I suspect many of them do not compare adequately and probably are designed to favour those suppliers who pay the greater commission.
- I do not know if this data is available, but there needs to be a facility available for those on a single rate tariff to compare to a time of use tariff (and vice-versa). Consumers

should have this choice. I suspect that TOU data is not collected for single rate users, though I have seen single rate bills that have 3 meters, so maybe it is. Otherwise, this is where maybe some comparable averages can be used. Consumers should have the choice of single rate or TOU and should be able to make the comparison.

- Make all data used, such as that under any new custom plans, available for comparison. For example, if a plan targeting retirees has a cheaper rate available for specific time periods during the day, then that data needs to be shown on their bill.
- Having some standard format requirements in electricity bills. They vary so much between retailers it makes it harder to interpret and compare -
  - One change could be to make all amounts quoted as GST inclusive for residential customers. Adding the GST at the bottom for residential users is not helpful and in one sense, deceptive. By this I mean that a business only incurs the ex-GST cost, but an ordinary residential consumer incurs the GST-inclusive cost, so looking at their usage charges for example and seeing a total of \$500 when in fact it is \$550 for that component of their bill.
  - Another is to clearly group Usage, Network, Admin/Membership (if applicable) and Solar charges. I have seen different retailers bills where these are not in what would be a logical order or grouping. Again, this makes it harder to understand.
  - Require the bill to include a per kWh costs. That is, divide the total of usage and network charges by the total kWh used. Add a second amount including the solar feed-in if applicable. This will help consumers compare, especially if data such as the average per kWh costs, within bands for usage ranges to avoid the distortion that a higher component of fixed costs would create for low usage consumers, was publicly available.

### **Theme 3: Reward consumers for activities that are valuable in achieving a lowest-cost system, and target a more equitable allocation of shared costs**

This theme seems to conflict here if households who have installed solar, an activity that definitely is of value in achieving a lower cost system, are in any way penalised by the proposed changes. I concede that those who are unable to afford or rent homes that do not have solar may be disadvantaged, but penalising those who have made a substantial long term investment in solar is patently unfair.

Further, if a Demand Charge is introduced, an extensive advertising campaign would be necessary to educate consumers as to how to minimise this cost. Electricity bills should also be modified to clearly illustrate when these charges were incurred – for example, your peak demand of ‘x’ kWh was 8:00-8:30 on Monday 9<sup>th</sup> February. Your average peak demand for this period is ‘y’. Maybe displaying average peak demand in each TOU period would help as well.

One final comment on **implementation**. It should be taken into account that this week alone there will be many consumers who installed solar and or batteries. They’ve done this at substantial expense on a long term basis and should not have to endure the rules being change shortly after the game has started. Therefore, implementation of anything that negatively affects such consumers should be ‘grandfathered’ for a minimum of 10 to 15 years. Otherwise it’s not a reward, it’s a penalty (and a grossly unfair one at that).