Submission to AEMC – EPR0097: Electricity pricing for a consumer-driven future
To: Australian Energy Market Commission

I am writing to express my strong opposition to the proposed reforms under EPR0097 that would increase the fixed component of residential electricity bills. These changes would shift a greater share of network and retail costs into unavoidable daily charges, regardless of a household's actual usage or investment in distributed energy resources. This approach is economically inefficient, inequitable, and contrary to the long-term interests of consumers and the energy system.

1. Guaranteed revenue for inefficient costs is not in the long-term interests of consumers

The draft paper appears to prioritise revenue certainty for DNSPs and gentailers over genuine cost-reflective pricing. The proposal effectively guarantees recovery of sunk network costs even when demand falls due to consumer-driven efficiency measures such as rooftop solar, batteries, and load-shifting.

Only **efficient** costs should be recoverable. If end-user demand declines, then the cost of maintaining transmission and distribution assets should fall proportionally. Instead, the proposed reforms entrench the recovery of historical — and in some cases inefficient — network expenditure by shifting more of the burden onto fixed charges.

This is especially concerning given the long-documented issue of network "gold-plating" and the incentive structures that reward DNSPs for expanding asset bases rather than optimising them. Increasing fixed charges risks locking consumers into paying for past inefficiencies indefinitely.

2. Higher fixed charges punish efficient consumers and undermine the energy transition

Households that have invested in rooftop solar, batteries, insulation, and demand-management technologies have materially reduced their reliance on the grid. These consumers have acted in line with national policy objectives: reducing emissions, lowering peak demand, and improving system resilience.

Under the proposed changes, these households would pay **more**, not less. This weakens the incentive to invest in distributed energy resources, slows the uptake of clean energy, and undermines the value of existing systems. Many solar households could face hundreds of dollars in additional annual charges despite reducing their grid impact.

If the financial benefit of reducing consumption is eroded, fewer households will maintain or upgrade older solar systems, and some may abandon them entirely. This would reduce the contribution of rooftop solar to daytime supply — a critical resource at a time when large-scale renewable projects face delays.

3. Consumer protections are inadequate — and TOU/Demand tariffs have been systematically "gamed" by retailers

The draft reforms assume that sharper price signals through Time-of-Use (TOU) and Demand tariffs will empower consumers. In reality, these tariff structures have been **designed and marketed in ways that consistently increase consumer bills**, even when households shift usage into off-peak periods.

Retailers offer a bewildering array of TOU and Demand plans, each with different peak windows, shoulder periods, and demand-charge triggers. This complexity is not a feature — it is a barrier. Most consumers do not have the time, tools, or expertise to analyse dozens of tariff permutations, nor should they be expected to.

The result is that:

- TOU and Demand tariffs are **not cost-neutral**
- Consumers who follow the "price signals" still face **higher bills**
- Retailers capture the benefit, not consumers
- Vulnerable households are disproportionately harmed

Smart meters were marketed as "free installation," yet the mandatory transition to new tariff structures has often resulted in **higher ongoing costs**, with the benefits accruing primarily to DNSPs and retailers.

A pricing framework that relies on consumer sophistication while allowing retailers to design opaque, revenue-maximising tariffs is not a fair or functional market.

4. The proposal risks accelerating grid defection and creating a two-tier energy system

If fixed charges continue to rise, households with the means to do so will increasingly consider partial or full grid defection using solar, batteries, and backup generation. This outcome is undesirable for everyone:

- Wealthier households leave the grid, taking their contribution to shared network costs
- Remaining customers — often renters, pensioners, and low-income households — face higher bills
- The grid becomes more expensive and less equitable over time

A pricing model that pushes people off the grid is fundamentally incompatible with the goal of maintaining electricity as an essential service.

5. A fair and efficient pricing framework must preserve usage-based signals

Electricity networks are natural monopolies. Consumers cannot choose their DNSP, and they rely on regulators to ensure pricing is fair, efficient, and aligned with long-term system needs.

A well-designed tariff structure should:

- Reward households that reduce demand and invest in clean energy
- Recover only **efficient** network costs
- Maintain strong price signals for energy efficiency
- Protect vulnerable consumers
- Support, not undermine, distributed energy resources

Increasing fixed charges fails on all these criteria.

Conclusion

I urge the AEMC to reject reforms that increase fixed charges and instead pursue pricing structures that:

- Recover only **efficient** network costs
- Preserve strong incentives for demand reduction and distributed energy
- Strengthen consumer protections
- Support a fair, equitable, and sustainable energy system

Australia's energy transition depends on engaged consumers, efficient networks, and trust in the regulatory framework. The proposed changes risk undermining all three.

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