

To the Australian Energy Market Commission,

We are writing to make a submission to the *Pricing Review: Electricity Pricing for a Consumer-Driven Future*, and in particular to express concerns about Recommendations 5 and 6 of the Draft report (11 December 2025).

We oppose the AEMC's proposal to shift network pricing toward predominantly fixed charges. Fixed, unavoidable charges reduce bill control, undermine equity and weaken incentives for efficient energy use and investment in distributed energy resources.

This proposal is inconsistent with the concept of equity for low income households, which typically use less electricity than higher income households. Analysis undertaken by Renew Economy¹ shows that shifting the current variable use costs to a fixed daily charge would result in a significantly worse outcome for low income households and reduce the overall cost paid by high energy use (higher income) households. Predominantly fixed network charges are regressive. Low-consumption and lower-income households would pay more regardless of their ability to reduce usage, entrenching structural inequities rather than addressing them.

Under the current pricing structure, Australian households have successfully changed behaviour to reduce energy consumption and move consumption to times of day with lower electricity prices (due to lower overall demand). Moving to higher fixed charges would significantly reduce incentives for households to make such changes, and would potentially lead to increased demand at peak times and therefore necessitate a higher level of investment in overall grid capacity. This seems inconsistent with the logic of lowering and spreading demand to reduce the need for costly expansion of generation and grid infrastructure.

Modelling¹ shows that households with existing solar and battery systems would see bills increase for those who already have solar and batteries, while households considering installation would see benefits substantially reduced. This would significantly weaken investment signals and risk a sharp decline in uptake.

The draft review report implies that the uptake of solar and battery systems by predominantly higher income households shifts the cost of electricity supply to lower income households, and that moving to higher fixed costs is a matter of equity. This is not supported by analysis that suggests that uptake of solar and battery systems is spread reasonably evenly across households of different incomes, particularly once home ownership is taken into account^{1,2}. In terms of equity considerations, the move to higher fixed charges would likely lead to higher overall costs for renters, particularly those in apartments which would likely have lower overall energy use.

Furthermore, the proposal ignores the financial contribution that households who have invested in home solar and battery systems have made towards lowering overall demand for electricity, particularly at times of peak demand, and therefore reduced the need for costly investment in grid generation and supply.

Recommendation 6 seems to focus entirely on achieving benefits for energy service providers, at the potential expense of customers (i.e. households). While it sounds great to have a focus on

¹ [Reneweconomy.com.au/plan-to-increase-fixed-network-costs-will-take-from-the-poor-give-to-the-rich-and-slash-returns-on-pv-and-batteries/](https://reneweconomy.com.au/plan-to-increase-fixed-network-costs-will-take-from-the-poor-give-to-the-rich-and-slash-returns-on-pv-and-batteries/), accessed 12 February 2026, 10:56am.

² Mountain, B, and Burns, K. Is rooftop solar a play-thing of the well-to-do? Victoria University. DOI: [https:// 10.26196/qmk0-a912](https://doi.org/10.26196/qmk0-a912)

‘network efficiency’, the wording of the recommendation implies that it is undesirable that networks have to “balance multiple objectives **including the impact on customers**”. Ignoring impacts on customers might be great for the bottom line of network providers, but raises a huge red flag in terms of what (or who) is driving these proposed changes to the pricing structure.

Given this is a self-initiated review, the AEMC should not progress such a fundamental change without publishing detailed bill impacts, distributional analysis and evidence of consumer and retailer behaviour.

We urge the AEMC not to progress the proposal to introduce predominantly fixed network charges and to retain pricing structures that preserve consumer agency, equity and clean energy investment incentives.

Kind regards,

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