AEMC
Pricing Review Panel

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12/02/2026

Submission on the AEMC Pricing Review Discussion Paper

Dear AEMC panel,

Thank you for providing this opportunity for consumers to give feedback on the draft report, *The pricing review – Electricity pricing for a consumer driven future* (the draft report). In this submission I will be arguing against the proposal to switch consumer bills to predominantly fixed charges (draft recommendation 5). I present my argument in 7 sections:

1. High fixed charges will dampen interest in CER
2. The market /ESPs will not adequately compensate most CER owners for increased fixed charges
3. Debunking the fairness argument for households with CER
4. Debunking the fairness argument for households without CER
5. Network efficiency and seeing the bigger picture
6. Getting the glide path wrong
7. Feasible alternatives to fixed charges

By way of a prelude, I will explain my circumstances and my perception of the context in which pricing reforms must take place.

My circumstances

My husband and I are enthusiastic supporters of, and investors in, consumer energy resources (CER). We own [redacted] of rooftop solar panels and over [redacted] of battery storage (including two EVs) across two homes. We regularly sell [redacted] of electricity into the grid during peak evening hours. We manage this ourselves through the Sigenergy App and Sigenergy bi-directional charger which allows us to export electricity from the car to the grid. We are small scale participants in the CER market with genuine 'skin in the game'.

The overall context (as I see it)

We are in an energy transition which is only half complete. In the last quarter of 2025, an important benchmark was realised – renewable energy provided about 50% of grid supplied electricity and more electricity than coal-based sources.[1] That is an extraordinary achievement and a very welcome one. It is also an important reminder that we are only *halfway* along a generational transformation to renewable energy. To complete the transition all policy levers,

[1] https://www.aemo.com.au/newsroom/media-release/renewables-supply-more-than-half-of-quarterly-energy-supply

including pricing mechanisms, should be consistently engaged in support of the transition. As per Ms Collyer: "[Pricing] reforms must work together with other initiatives already underway to ensure consumers benefit from the energy transformation."[2] I believe implementing this transition as quickly, smoothly and as cheaply as possible is the primary goal for all decision-makers at the current time. I believe this view is consistent with the National Electricity Objectives and National Energy Retail Objectives. Any inconsistent policy reforms will cause unnecessary delays and add to the cost of the transition overall.

Renewable energy supply is now, and in the future will be even more, dispersed – in location and in ownership - and more resilient than in the past. Across Australia, four million households have already demonstrated reliable, resilient, clean renewable energy can be supplied at the end of the grid in a hugely distributed form delivering, on your own cited evidence, up to 90% savings on current energy bills for consumers (p.16). The advent of commercially feasible, small scale battery storage means resilient, clean solar power can run households and businesses 24/7.[3] The potential for that to happen is currently nowhere near fully realised.[4]

In the future, households will be less dependent on the transmission network – and in many cases capable of being completely independent of it. Network operators are facing an Uber moment. The inevitable consequence of changing technology and ownership is that households are and will become increasingly independent of grid supplied electricity. They will become more reluctant to pay for transmission services and they will become less dependent on network operators. This means network operators (and likely energy service providers (ESPs) too) will need to reduce and reorient their revenue and budget expectations in line with their declining importance in the delivery of household electricity overall. Simply put: Network operators cannot continue to rely on the same underlying assumptions (unavoidable monopoly powers) they have relied on in the past. They need to accept households will no longer provide the guaranteed revenue they could once depend on.

I acknowledge the draft report attempts to be a visionary document, but I believe it has not travelled anywhere near far enough to address the hard truths that are now facing network operators and ESPs. It is still attempting to deal with new issues from a mindset grounded in past assumptions.

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[2] https://www.aemc.gov.au/news-centre/media-releases/electricity-pricing-reforms-target-fairness-lower-costs

[3] Ember, 2025, *Solar electricity every hour of every day is here and it changes everything at* https://ember-energy.org/latest-insights/solar-electricity-every-hour-of-every-day-is-here-and-it-changes-everything/

[4] In 2019, a report prepared for the CEFC calculated the estimated total potential for rooftop solar in Australia was (at that time) 179 gigawatts with an annual energy output of 245 terawatt-hours. See https://www.cefc.com.au/insights/market-reports/how-much-rooftop-solar-can-be-installed-in-australia/#:~:text=It%20concludes%20that%20Australia%20is,energy%20output%20of%20245%20terawatt%2Dhours

Arguments against shifting to billing based predominantly on fixed charges.

I understand the draft review aims to reward consumers for activities that are valuable in achieving a lowest-cost system and to target a more equitable allocation of shared costs (p.i). I believe the proposal to transition to predominantly fixed charge billing runs counter to these goals – to achieve an equitable and least cost system overall - for the following reasons.

High fixed charges will dampen interest in CER

At a general level, the draft report acknowledges consumer energy resources (CER) provide an opportunity to achieve the lowest cost, most efficient system for all customers (p.iv). It would be a self-inflicted wound, therefore, to dampen interest in CER by switching to fixed user charges.

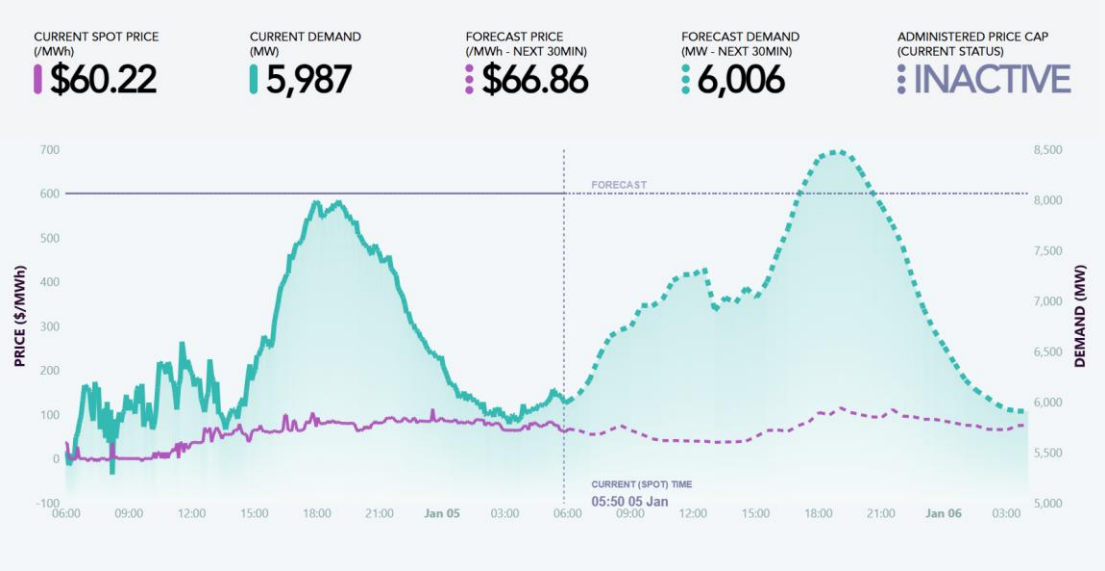
Green Energy Markets has analysed the impact of a switch to fixed network pricing on the financial attractiveness for households to adopt solar and battery systems.[5] On its calculations, the median household in the Ausgrid network, for example, can reduce their annual electricity bill from $1,885 to a bill credit of $237 by installing a solar and battery system. The same household would see their power bill increase to $321 per annum under the AEMC's fixed charging proposal, leaving them $558 worse off as a result of network costs becoming entirely fixed. On average, the AEMC proposal is likely to reduce the financial benefit of installing a solar and battery system by about a quarter to a third less than what it is now.

As most households install CER to save money, swapping to fixed charge billing would significantly dampen interest in CER and run completely counter to the government's financial support for CER – including the $7 billion Cheaper Household Battery Scheme. This is an economy wide waste of resources that we simply cannot afford to make.

The market /ESPs will not adequately compensate most CER owners for increased fixed costs

My husband and I have been trading electricity into the Queensland grid for approximately two years. In that time, we have seen the wholesale market price differential between low and peak demand periods drop from around 30c per KWh to as low as 4c per KWh. This means that unless a household has surplus solar 'freely' generated from their rooftop, the benefit of buying and selling to the grid – even with Queensland's midday, near zero, sponge tariff rate – is virtually non-existent (see below).

[5] 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/



Cost curve for the Queensland NEM on 4-5 January 2026

I realise there are promising new markets opening up for aggregators and, in addition, the draft report envisages increased competition will incentivise retailers to offer innovative packages to customers who are willing to trade their excess CER (albeit incentive payments will be directed firstly to network operators) (pp.25, 37-39). The former development – offering new markets to aggregators – will require risk minimisation strategies that will increase administrative costs and ultimately undermine any advantage for small-scale CER households. Big suppliers will be much more profitable for ESPs to work with. The latter suggestion – ESPs will bundle competitive packages for CER owners - is an entirely unfunded, and uncosted proposition (witness retailers' alarm at the announcement of the Solar Sharer Offer). It seems unlikely to ever materialise and, if it were, would probably need to be recuperated at some point from other customers' bills. Is that not a proposal for an 'unfair' cross subsidy between customers? Left to their own devices, ESPs will not be motivated to offer any additional incentive payments to CER households because they continue to see their customers as people to sell electricity to.

In my experience, CER owners generally aim to right size their equipment (unless tempted by a special deal) to meet their own needs. They recognise behind the meter use is where the biggest savings are to be made. As more households purchase batteries, they will make more use of their own solar energy and have less energy to trade. There is little prospect these households will be able to recover the additional costs arising from a switch to fixed charges by trading surplus solar. The upfront cost of additional solar capacity and the unpredictable nature of future NEM prices make installing surplus capacity a worthless proposition. It is therefore an unlikely scenario that rewards for trading CER surplus supply – only when and where needed – will make good the difference for all CER owners.

In sum, any likely remuneration for trading surplus solar (should it materialise) will not adequately compensate most CER owners for the loss of return on their investment caused by increasing fixed charges. To imagine this outcome will somehow "build trust" (p.ii) with customers who have spent considerable amounts of their own money purchasing CER in an effort to reduce their electricity bills is simply ludicrous.

Debunking the fairness argument in relation to CER households

The argument for moving to a greater proportion of fixed charges for all customers is ostensibly premised on fairness:

> *Generally, network costs are recovered on a volumetric basis, which means the costs of infrastructure are not shared fairly among electricity consumers. For example, customers with rooftop solar and a battery contribute less to network costs than customers with the same electricity consumption who only use grid power, despite both groups of customers depending on the network* (p.ix)

What this argument omits to acknowledge is that CER customers ARE FAR LESS DEPENDENT on the network and in a growing number of cases CER owners are or have the capacity to be ENTIRELY INDEPENDENT OF THE NETWORK.

All grid connected CER owners already pay a fixed network charge. Why is it equitable for them to pay as much in fixed charges as those who are entirely dependent on the grid for their electricity? On what basis is a user pays system not an equitable basis for setting tariffs to cover network costs including fixed costs? (Regarding equitable access to CER resources, see below). By way of analogy, isn't this the same as suggesting a person who uses the train once a year should pay as much for that one trip as the *combined* price a person who uses the train every day of the week will pay because without the train line even that one trip would not be possible? The price for one ride should be the same as the *total* price for more than 200 trips a year! Only governments can run with such a nonsensical idea and that is because they have monopoly powers and progressive taxing regimes backed up with coercion. Electricity network providers no longer possess any of these attributes.

I realise there is an argument that CER households will still 'need' the poles and wires, for instance, to top up their batteries on cloudy days or for when they have exceptionally high demand. As such, so the argument goes, the network is their 'insurer of last resort' and CER households should be content to pay a premium for their occasional use of the network and the ultimate security it provides.

That is misrepresenting the magnitude of the change that is occurring. For the time being our household does indeed draw down more electricity than we have ever done in the past to maintain our trading activities. But that is entirely our choice. In the event of a power cut we have three batteries we can draw on - two of which are mobile and could easily be recharged off site. During ex tropical cyclone Alfie, our suburb had a 16-hour power cut. When the power came back on, we realised that by turning off the pool pump we had actually made more power than we had used! I realise our situation is very unusual – for the time being. As the uptake of EVs, V2L and V2X grows, more households will be in a similar position. The point is the poles and wires are no longer essential for our energy security – and that is the future for many households.

The AEMC's above interpretation of fairness – that CER owners do not pay their fair share of fixed costs - is itself contradicted in other statements in the draft report. For instance, at p.v, the report suggests it is unfair when users do *not* pay an amount proportionate to their actual use:

> *Network tariffs currently contribute to an inequitable sharing of network costs where those customers that benefit the most from the use of the network pay the least for it*.

I agree with this statement and would urge the AEMC to consider whether concessional rates for embedded networks and large industrial users to purchase bulk electricity amount to an 'inefficient' or 'unfair' cross subsidy from single households to commercial and industrial users.

A big part of the concern with 'fairness' is the risk that as CER households significantly reduce their use of network energy, households without CER will be left paying more for their power:

> *If we do nothing, some consumers would unfairly pay higher shares of network costs, contributing to declining equity, higher overall costs and an increased proliferation of interventions*. (p.i)

The assumption this trend will contribute to declining equity is based on the argument households without CER tend to be lower income households or renters and apartment dwellers who are 'unable' to access CER because, for instance, they have no agency over their rooftop.

There is a wealth of evidence CER ownership is not confined to the privileged middle classes.[6] Access to low-cost finance and subsidies helps make CER available to more households should they wish to purchase it. Government schemes, such as the Social Housing Energy Performance Initiative, also broaden the availability of CER. Private renters and apartment dwellers have increasing access to CER appliances – plug in batteries, EVs etc. They will soon be able to access additional bill savings thanks to the government's Solar Sharer Offer – an offer made possible due to the abundance of rooftop solar entering the system during the middle of the day.[7] The Solar Sharer Offer will be available to EVERYONE! The argument CER creates winners and losers is based on a context that is now history. The sad truth for networks – and great news for the environment and households – is that in the very near term, every residential household will be able to benefit from the CER revolution in one way or another. There is no argument based in declining equity left to run. Networks need to recognise households will no longer be the guaranteed 'cash cow' they once were for network operators. Fabricated arguments about fairness and equity simply won't cut it.

We know that CER is the most dynamic aspect of the transition bringing the quickest and most dramatic bill reductions for consumers. Rooftop solar is 100% de-carbonized power – arguably the cleanest, greenest and most resilient power available to households and the grid. It helps bring down the cost of midday electricity and can be soaked up by big battery operators at very cheap rates because CER owners are price takers not price setters. Since July 2025, the uptake of household batteries has been extraordinary – combined household storage is currently greater than utility scale storage – and the beneficial impacts on peak and minimum demand are already becoming evident. These system-wide benefits accrue to *every* consumer whether or not household batteries are coordinated into VPPs. At the same time, the residential solar industry employs more than 10,000 installers and designers also providing economy wide benefits.[8]

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[6] 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/

[7] Solar Share Offer Consultation paper p.6 at https://consult.dcceew.gov.au/solar-sharer-offer

[8] Clean Energy Council, Clean Energy Australia report, 2025, p.7 at https://cleanenergycouncil.org.au/getmedia/f40cd064-1427-4b87-afb0-7e89f4e1b3b4/clean-energy-australia-report-2025.pdf

Taking all these benefits of CER into account, it is simply disingenuous to assert that CER households are in some way not contributing their fair share to network costs. We are in a transition. Whatever CER households avoid in network costs (at considerable upfront cost to themselves) they more than pay back in fast tracking the transition to clean, renewably sourced, resilient electricity. Any measure that hampers that progress – such as fixed bill charging - is counter-productive for the transition and simply cannot be countenanced.

Debunking the fairness argument in relation to households without CER

With respect to non-CER households, the draft report hypothesizes that network tariffs "[C]an encourage consumers to ration their use of electricity unnecessarily" (at p.v) and asserts that "All customers would benefit from a more equitable approach to pricing and service delivery" (p.iii). No evidence is provided to support these statements.

What is an 'unnecessary' reduction in grid-based consumption when 50% of our grid supply is still based on carbon emitting industries that pollute the earth?

I agree energy users who reduce their reliance on the network - by adopting household efficiency measures or by otherwise limiting their demand for electricity - should be rewarded but increasing fixed charges is self-evidently the antithesis of this. Noting that low-income households generally use lower amounts of electricity, modelling by Green Energy markets demonstrates:

> *[A] low income consumer will be noticeably worse off under the AEMC proposal, facing an increase in their annual power bill of anywhere between $127 in Endeavour's network to as high as $217 in the SAPN network. Meanwhile a high income, large electricity consumer would be a major winner out of the AEMC's proposal. The reduction in their annual electricity bill ranges between $791 in the United Energy network to as much as $1,401 in the SAPN network area. The median consumer is also estimated to lose out from switching variable network charges into the fixed charge, although the increase in the power bill is noticeably less than for the low income household.*[9]

The argument a shift to a larger proportion of fixed charges will in some way reward consumers who reduce their grid consumption and be fairer to low-income households has no bearing in reality and no evidence to support it.

I acknowledge there is a suggestion dynamic network charges will be zero some or most of the time (p.36) – but the evidence suggests even this measure will not be sufficient to reduce consumer bills because most people without CER will still be wanting to use electricity when peak time, dynamic charges apply.

I note the draft report itself admits low level and vulnerable users will be 'losers' in the proposed trajectory where fixed charges increase (pp.41;137). The draft report accepts there will need to be (unspecified and uncosted) "transitional supports" to "mitigate the distributional impacts" of fixed charges (p.42). Why would those supports be transitional and how would that be efficient?

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[9] 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/

Network efficiency and seeing the bigger picture

I understand network pricing over the past ten years has been focused on reducing long-run marginal costs by minimising the need for new infrastructure to cater for peak demand periods (p.37). User pays and time of use (TOU) tariffs serve an important role in preventing unnecessary growth in demand at peak times. Even when network TOU tariffs are not passed on directly to customers, higher priced flat rates based on usage still provide a valuable incentive for consumers to reduce their consumption including during the evening peak period.

Recent developments in household battery uptake demonstrate the success of user pays and TOU tariffs. Exponential growth in the uptake of household batteries since July 2025 will help shave peak demand and may already be doing so. For instance, the all-time peak demand for electricity in Queensland (11,159 MW/h) occurred on January 22, 2025. That record has not been surpassed in the 2025-6 summer period (so far) despite strong population growth and the Metro electric bus service becoming fully operational. As peak demand sets the price for electricity, any reduction in peak demand must surely be welcome.

The draft report speculates, without providing any evidence, that network tariffs based on long run marginal costs "could be the wrong approach for the future" (p.37). Economy-wide electrification (including by households) strongly suggests otherwise. The risk remains that growing demand for EVs; electrification and increasing population will still push out evening peak demand – and it is peak demand that sets the price for consumers in the short and long term.

Whilst it is encouraging to see midday demand for electricity rising and the absolute peak of the duck curve being trimmed, there is still a very long way to go before demand (not just prices) level out between midday and evening demand throughout the year. Given solar is the cheapest form of renewable power generation there is, the sensible goal is to be *inverting* the duck curve not simply trimming it. That is what a consumer-centric, least cost energy system would like. Until that scenario eventuates, and until the economy is fully electrified, network operators simply cannot afford to take their foot off the pedal with respect to reducing peak demand and incentivising midday demand.

Whilst the draft report ostensibly hails the runaway success of CER - which has brought down the cost of midday electricity and is now rapidly moving to trim the duck curve – it now blames that success for lowering demand and creating "system inefficiencies". I read this to mean, essentially, there is too little demand for what networks have already built and still feel obliged to maintain (p.91). Unfortunately, I very much doubt a more "efficient" use of the network can rival the existing 90% bill savings possible for customers with CER (p.16). There is certainly no persuasive evidence presented to support that. A tariff system focused primarily on network efficiency is no longer the least cost, greenest or most efficient way to serve households.

If existing tariff structures and the electrification of everything do /will not provide a sufficiently lucrative revenue base for networks (and there is no evidence provided that they do not or will not) then I suggest networks must either find new customers (the electrification of transport and industrial processes suggests there will be plenty around); increase TOU charges; improve their productivity and /or reduce their costs overall.[10]

[10] Noting the AER Annual Benchmarking Report 2025 found there is declining productivity across transmission and distributed network operators. See https://www.aer.gov.au/documents/aer-2025-annual-benchmarking-report-electricity-transmission-network-service-providers-november-2025

The sad truth for networks is that from either perspective - advancing the transition to clean energy or providing the lowest cost electricity for consumers - networks simply cannot compete with CER. Arguments about advancing network efficiency regardless of these truths should not be allowed to prevail over these more important objectives.

Getting the glide path wrong

The panel correctly identifies any transition to fixed charges would need to get the "glide path" right or risk adverse consequences – such as losing customers off grid. It suggests its proposed network tariff reforms could commence as early as 2029 in some states (p.44). The Queensland Government expects its coal fired power stations to remain in operation until at least the 2040s so, in this State, at least the transition to renewable energy will be far from complete by 2030 or even 2035.[11] Given the primary goal (as I see it) is for all policy levers to support a smooth, reliable and fast transition to renewable energy, I suggest the following benchmarks need to be reached before any thought is given to adopting tariff structures that could prevent or delay the transition to renewable energy (as I have argued above in relation to implementing fixed charges):

1. The duck curve is inverted – midday demand (not just price) surpasses evening peak demand – throughout the year even on sunny days.
2. Coal is eliminated from the grid and the use of peaking gas is minimised – until that hurdle is crossed CER represents a superior environmental product to grid-based electricity.
3. Household battery uptake equates to rooftop solar (RTS) uptake, and every household and small business customer has access to affordable CER appliances with evidence of widespread adoption across all housing typologies.
4. Wholesale market prices have consistently and reliably moderated and volatility has been effectively managed and reduced.

In other words, until the transition is complete, there is no case for implementing fixed charges because that would send conflicting signals to the market and risk delaying the transition.

Feasible alternatives to fixed charge billing

Network operators are facing an Uber moment – they must move over and make space for distributed energy providers to operate successfully within, without and adjacent to the grid. I realise this presents a challenge to the existing revenue base of network operators. The Panel rightly asks the question, if not fixed charges, then what other measures could help pay network costs? Here are some suggestions that may be worth countenancing:

1. **Keep going with user charges** – As all sectors of the economy electrify, the market will identify where the new and ongoing customer base lies. Cloudy days and high demand users, for example, may become the primary sources of revenue generation.
2. **Cut your costs:** In Queensland, there is enormous opportunity for reducing transmission costs by switching to renewably powered microgrids for remote properties and communities within the Ergon network.[12]

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[11] https://www.treasury.qld.gov.au/files/Queensland-Energy-Roadmap-2025-25-043.pdf

[12] Energy's network area covers approximately 44% of the total area covered by the networks that form part of the NEM but serves only 8% of the customer base. See: Ergon Energy, Distribution Augmentation: Capacity and Voltage - Business case 2024 at https://www.aer.gov.au/system/files/2024-02/Ergon%20-

3. **Write off or write down debt (or lengthen the payback period):** Noting that at least some networks have made super normal profits in recent years.[13]
4. **Use what you've already built:** Demonstrate fiscal responsibility by using what you've already built. For instance, AEMO has identified 19 GW of under-utilised capacity in the Queensland low voltage grid that could be utilised for little or no additional cost.[14] We should be building from the inside to the outside not the other way around. The simplest way to do this is to use network tariff structures to ***encourage more CER*** not to suppress it.
5. **Offer a uniform, NEM wide, top-up feed in tariff (FiT) rate for residential and small business customers who supply power to the grid during the evening peak period for at least five years:** Consistency and certainty of revenue are the basic calculus for making investment decisions that can support the grid.[15] Why not reward the actual generators of CER directly instead of diluting the benefit by channelling incentives through networks and ESPs?
6. **Fund the FiT suggested above by imposing a per kw tax on carbon-based power generation:** The easiest way to do this would be to extend the peak demand tariff period across all nighttime hours (and all users) through to 5.00 am. This is when carbon-based power is most prevalent, existing prices are low and residential demand is generally discretionary not essential. A tax on carbon-based power generation is the obvious solution, in the current context, to deal with declining network revenues whilst also incentivising the continued growth and pooling of cheaper, green energy from CER.

Conclusion

We are still only halfway along the transition to renewable energy. We need to continue on the journey by inverting the duck curve; decarbonising the grid and bringing down bills for everyone. This is the work that tariff reform must continue to be focused on. CER and DER can play a critical role in achieving these goals. Any measures – such as fixed charges – that will undermine the growth of the fastest growing, cleanest, most resilient and most consumer centric power available are counter-productive and should be rejected outright.

Thank you for giving consumers the opportunity to comment on your important work.

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12/02/2025

%205.5.02%20-%20Business%20Case%20Distribution%20Feeder%20Augmentation%20Capacity%20and%20Voltage%20-%20January%202024%20-%20public.pdf#:~:text=With%20approximately%208%25%20of,form%20part%20of%20the%20NEM

[13] https://theenergy.co/article/how-energy-regulation-and-interest-rates-became-intertwined?utm_source=convertkit&utm_medium=email&utm_campaign=Networks%20driving%20inflation%20-%2020622476

[14] AEMO, Draft Isp 2025 Appendix 9, p.17.

[15] Christophers, B, *The Price is Wrong*, 2024, p.177.