

Submission

Submission to the AEMC Pricing Review

To: The Australian Energy Market Commission (AEMC)

Subject: Opposition to the proposal for increased fixed network charges

Executive Summary

I am writing to express my strong opposition to the recommendations in the AEMC Pricing Review Draft Report. Based on independent analysis of the AEMC's modeling, the proposed shift toward significantly higher fixed daily charges represents a Robin Hood scheme in reverse. This policy will disproportionately penalize low-income households and destroy the financial incentive for the very technologies (solar and batteries) that the market operator claims are essential for the energy transition.

1. Grave Equity Concerns: Highlighting the Fee Increases

The scale of the proposed increases, as detailed in the RenewEconomy analysis of your draft report, is staggering and represents a fundamental shift in how Australians pay for essential services:

- **The 350% to 500% Surge:** The modeling indicates that fixed daily charges could rise from roughly \$0.45/day to between \$1.60 and \$2.20/day.
- **Targeting the Vulnerable:** For a low-income household or a renter in a small apartment, this adds hundreds of dollars to an annual bill before they even turn on a light. This is a regressive tax on existence that cannot be avoided through energy efficiency.
- **Reverse Subsidy:** By lowering the "per kilowatt-hour" (kWh) price while jacking up fixed costs, the AEMC is effectively subsidizing high-energy users (often those with large homes and heated pools) at the expense of those who conserve energy.

2. The Hypocrisy of the Market Operator's Goals

There is a glaring contradiction between the AEMC's stated desire for a "modern, flexible grid" and this pricing proposal:

- **Cannibalizing CER Returns:** The RenewEconomy report highlights that by lowering the variable (volumetric) component of the bill, you are slashing the "avoided cost" benefits for solar and battery owners. This artificially extends the payback period for green investments, making them less attractive to the public.
- **Stalling the Transition:** The Australian Energy Market Operator (AEMO) relies on Consumer Energy Resources (CER) to meet future demand. However, the AEMC's plan removes the price signal for consumers to invest in these resources. You cannot claim to support a "lowest-cost transition" while simultaneously destroying the business case for the private capital (household solar) that makes that transition possible.

3. Inefficiency and "Gold-Plating" Protections

This proposal appears to be a defensive mechanism to protect the revenue of network businesses (DNSPs) whose "poles and wires" are being rendered less relevant by local generation.

- **Guaranteed Revenue vs. Innovation:** Instead of forcing networks to find efficiencies as demand for grid-supplied energy drops, this proposal grants them a guaranteed, non-avoidable income stream.
- **Distorting the Market:** By removing the link between "usage" and "cost," the AEMC is abandoning the principle of cost-reflective pricing. A massive fixed fee does not encourage anyone to use the grid more efficiently; it simply protects monopoly profits.

Conclusion

As noted in the RenewEconomy analysis, this plan is "a massive win for the networks and a massive win for big energy users, paid for by the poor and the environment."

I urge the AEMC to abandon the shift toward high fixed charges. We need a pricing structure that protects the vulnerable, rewards those who invest in renewable technology, and forces network businesses to adapt to a decentralized future rather than taxing their way out of it.

Reference: "Plan to increase fixed network costs will take from the poor, give to the rich, and slash returns on PV and batteries" (RenewEconomy, Jan 2026)

Sincerely,

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