

Submission to the Australian Energy Market Commission

Electricity Pricing Review - Draft Report (11 December 2025)

Document - The pricing review - Electricity pricing for a consumer-driven future

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Executive Summary

The draft report proposes shifting a greater proportion of network costs into fixed daily charges. This is presented as fairer and more modern.

However, electricity pricing today is not just about recovering network costs. It shapes household decisions about electrification, gas use, solar, batteries and emissions. It therefore directly affects Australia's ability to meet its legislated emissions reduction targets.

The National Electricity Objective now includes the achievement of emissions reduction targets. That means emissions impacts are not optional considerations. They are part of the statutory test and embedded in the rules process as integral.

The AEMC has explained how emissions must be assessed in rule-making; as per its published guidance and the Brattle framework. The AEMC's framework requires:

1. Screening whether emissions are materially affected
2. Quantifying emissions impacts where material
3. Applying the agreed Value of Emissions Reduction
4. Weighing emissions impacts against other costs and benefits.

The draft report acknowledges that tariff reform "may" affect electrification and battery returns. In practice I believe "will" not "may" applies; "will" is more accurate. I provide below one example (my own circumstances) and which I believe reflects the lived experience of many households that have electrified or are considering electrification.

Emissions impacts are therefore almost certainly material.

The draft however does not clearly show, consistent per Brattle:

1. The emissions screening conclusion
2. Any quantified emissions impact
3. Application of the emissions value

4. Explicit balancing of emissions impacts against cost allocation benefits.

If emissions are part of the objective, they must be part of the analysis, as required by legislation, Government policy, and AEMC's own published methodology.

Electricity pricing is no longer just about recovering network costs. It now shapes whether Australia succeeds in electrifying its homes and reducing emissions.

I did not expect electricity tariff reform to affect whether I remove gas from my home, but it does. I have paused further electrification/gas removal decisions pending clarity.

How we price electricity now will determine how quickly we leave fossil fuels behind.

1. Electricity Pricing Is Now Climate Policy

Electricity used to be a stand-alone utility service. It is not any more.

Electricity now enables:

- Electric vehicles
- Heat pumps
- Induction cooking
- Industrial electrification
- Renewable integration.

Power tariff design influences whether households switch from gas to electricity. It influences whether people install batteries. It influences when and how they use energy.

When price signals change, behaviour changes. When behaviour changes, emissions change.

Electricity pricing therefore is a form of climate policy in practice.

2. Tactical Efficiency vs Strategic Direction

The draft reform focuses heavily on cost recovery stability and allocating shared network costs more evenly.

Those are reasonable operational objectives.

But they are tactical.

The strategic direction — set by Ministers and embedded in legislation — is decarbonisation and electrification.

A reform can improve cost recovery efficiency and still weaken incentives for electrification. That would be a tactical improvement but a strategic setback.

The central question is not whether networks recover their costs.

The question is whether the structure of cost recovery supports the transition we are in.

3. Procedural Compliance with the Emissions Framework

The AEMC's published framework provides that when a rule change may materially affect emissions, the Commission shall:

- Assess materiality
- Quantify emissions impacts
- Apply the Value of Emissions Reduction
- Balance those impacts against other objectives.

The draft report acknowledges that fixed charges may alter the financial returns from electrification and batteries.

That indicates emissions may be materially affected.

If emissions are materially affected, they shall be assessed. If they are not materially affected, the Commission shall explain why.

At present, stakeholders cannot see how that assessment has been applied in this review.

4. What “Modern” “Smarter” “Fairer” Should Mean

The draft report described its preferred direction as “modern”.

In 2026, modernity cannot mean only smoother billing and stable revenue. Modernity must mean alignment with net-zero.

A modern electricity system:

1. Makes electrification financially sensible
2. Rewards emissions reduction
3. Encourages clean energy participation
4. Aligns private incentives with public climate goals.

A tariff reform that weakens marginal incentives for electrification may be administratively efficient, but it is not modern in the context of Australia's climate commitments.

Similarly, the claim of “smarter” and “fairer” pricing do require demonstration. Moving costs from usage rates to fixed daily charges, reduces the ability of consumers to control their bills by saving energy, and redistributes cost burdens toward those who already use less energy.

Modern, strategically smart, and genuinely fair pricing should help households move forward, and not cause them to hesitate.

5. Personal Context - Why This Matters

This submission is not abstract.

In January 2026, I invested approximately ██████ in rooftop solar and battery storage, with the clear intention of removing gas appliances within 12 months and fully electrifying my home.

Over ██████ of that investment is for a switchboard upgrade specifically designed to support electric heating, hot water and cooking.

The draft proposal has caused me to reconsider that plan.

If fixed network charges increase materially:

- The financial case for electrification weakens
- Retaining gas becomes rational
- Additional battery investment to reduce grid reliance becomes attractive.

These are not ideological reactions. They are rational responses to price signals.

When households which are ready to electrify, instead pause or reconsider, something in the incentive structure has shifted.

Already (February 2026) our home electrification cost-benefit decision is marginal. We estimate a ██████ payback, and only if our subsidy application is accepted (██████ reduces to ██████). If our household was a commercial operation, we would not be installing a battery nor solar, the break-even is too long. If subsidies were not currently available, we would not be doing it.

We are proceeding because we take climate change seriously, and we support the strategic direction underpinning the amended legislation.

We are also aware that supply and price issues are forecast in Victoria as data centres come on stream, increasing from 8% to 20% of State power demand. Two large data centres are under construction within 4km of here.

If the AEMC proposal is implemented without clearly considering emissions as a factor, our already shaky cost-benefit would be compromised, as our criteria for success is to reduce our demand footprint on the power supply system.

I am now forced to consider fully off-grid to reduce general regulatory exposure; or to retain gas to reduce exposure to the electricity network's charges. Notwithstanding State and Federal policy encouraging electrification. Power tariff design affects real decisions — including mine.

6. What I Am Asking the Commission To Do

I am not asking the Commission to abandon pricing reform.

I am asking the Commission to adhere to its own commitments:

1. Publish a clear emissions materiality assessment for this proposal.
2. Quantify projected emissions impacts if material.
3. Apply the Value of Emissions Reduction where quantitative analysis is undertaken.
4. Explicitly balance emissions impacts against cost allocation benefits.
5. Demonstrate that the preferred reform accelerates — or at minimum does not slow — electrification and emissions reduction.
6. Complete and publish the emissions assessment before making any final decision to transition toward predominantly fixed network charges. The Brattle framework embeds emissions assessment within the decision-making process. It is not an implementation-stage exercise.

The Commission's legal mandate is granted by Parliament, but its social licence depends on demonstrating that it is advancing, not sidelining, the objectives set by Ministers.

In the absence of completed and transparent analysis, I am not yet able to accept the AEMC proposition that higher fixed charges → better cost recovery → lowest long-term system cost.

No transition toward predominantly fixed network charges should proceed until the Commission has clearly shown beforehand — through quantitative and qualitative analysis consistent with its own published emissions methodology — that the reform accelerates, or at minimum does not impede, Australia's emissions reduction pathway.

Conclusion

I did not set out to make a regulatory submission. I set out to electrify my home.

The fact that tariff reform now affects that decision is precisely why the emissions consequences of this proposal must be made explicit, prior.

Electricity pricing is no longer just about bills. It shapes Australia's path to net-zero.

If emissions are part of the statutory objective, they shall be visibly part of the decision.

About the Submitter

I am a private citizen and homeowner who has recently invested in rooftop solar and battery storage with the intention of fully electrifying my household. I am not affiliated with any energy retailer, network business, political organisation or advocacy group. My interest in this review arises from the direct impact that electricity pricing structures have on household electrification decisions and emissions outcomes.

I am willing to appear in person to speak to this submission if requested.

Yours faithfully

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