



DIPLOMATS FOR *climate*

Pricing Review: Electricity Pricing for a Consumer-Driven Future: Submission from Diplomats for Climate Ltd.

We are deeply concerned that your pricing review will seek to change how consumers are charged for electricity in a way which would seriously undermine the energy transition in Australia. This is not in line with the wishes of most Australians who want to achieve a reduction in our greenhouse gas emissions; nor is it in line with the trend among our international peers.

Over the past five years hundreds of thousands of Australians — including many of Diplomat for Climate’s members and patrons — have spent thousands of dollars decarbonising their homes, as they have joined the global movement to reduce greenhouse gas emissions. Many Australian householders have invested heavily in installing solar PV, home batteries, and electric hot water and heating/cooling systems to replace old, expensive gas systems. Many have also bought electric vehicles, at great expense.

Now these householders are beginning to see the financial benefits of their investments, with lower electricity prices and no more outrageously high gas bills.

But your proposal to increase fixed network charges would negatively impact these many hundreds of thousands of householders. Energy-efficient households and people trying to do the right thing by reducing their electricity use, would be hurt by this proposal.

It would also disadvantage less well-off householders, such as those who have been unable to fund the conversion to more energy efficient homes. People who use the least electricity — including single-person households, apartment residents, retirees, and low-income households — would be forced to pay more under this proposal.

Increasing fixed network charges would be a blatant cash back handout to the poles and wires companies. And high-income households with high grid consumption — who have refused to decarbonise their homes even though they can afford it — stand to benefit the most from this proposal. Under your proposal these wealthy, high consumption households could save hundreds of dollars every year on their energy bills even though they are using the most electricity.

We are also concerned that higher fixed charges would extend solar and battery payback periods and weaken incentives for future investment in consumer energy resources, risking slower uptake.

This is at odds with other government policies that encourage households to help deliver a cheaper, cleaner energy system — one that cuts emissions, brings down wholesale energy prices, and reduces the need for costly network upgrades.

Electricity pricing should encourage households to save energy, shift demand, and if they can, invest in solutions that lower system costs — not punish them with higher unavoidable charges.

We strongly urge the AEMC not to proceed with increasing fixed network charges and to properly assess alternative approaches that preserve strong price signals, support consumer energy resources, and deliver fairer outcomes for households.

We recommend that you revisit draft recommendation 5 to include a focus on incentivising consumers to reduce energy consumption and implement energy efficiency measures — such as installing solar PV and batteries — to bring pricing strategies in line with overall government policy and consumer interests. That is, to achieve the goal of a rapid transition to renewable energy and zero emissions. Recommendation 5 could read for example, as follows: “amend the rules to focus network tariff design on efficiency, supporting a lowest-cost grid and incentivising consumers to choose low or zero emissions energy options”.

Thank you for considering our submission.
The Board of Directors, Diplomats for Climate Ltd