ENERGY CONSUMERS AUSTRALIA

Solar Sharer Offer Consultation Paper 2025-26

Submission to the Department of Climate Change, Energy, the Environment and Water (DCCEEW)

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Energy Consumers Australia is the national voice for household and small business energy consumers. We advocate for a fair, affordable, and reliable energy system—one that meets everyone's needs and leaves no one behind on the journey to net zero.

Feedback on the Solar Sharer Offer consultation

Energy Consumers Australia (ECA) appreciates the opportunity to make a submission on the Solar Sharer Offer (SSO) Consultation Paper 2025-26.

Australia's energy transition means we are well-placed to maximise the benefits of abundant solar generation – and ensure those benefits are shared equitably by all consumers. We welcome the ambition for Solar Sharer to play a key role in achieving this vision, including for consumers who face barriers to accessing and directly benefitting from consumer energy resources (CER). To deliver on this vision, the SSO now needs to be supported by careful design and implementation.

As demonstrated by national and international reporting of the initiative, consumers have taken government at its word that the SSO will distribute excess daytime capacity free of charge. For the SSO to succeed, including to deliver the broader system-wide benefits envisioned, it is important that it delivers genuine benefits to consumers who take up the SSO.

Maintaining community confidence in the SSO is critical – this will not be achieved if costs are simply shifted to other times or other parts of the bill. The design of the SSO should reflect that it is consumers' own investments that have enabled this opportunity in the first place, and so firms or government should bear more of any cost burden in delivering the free power period. Ensuring there is genuinely a 'free' period for consumers will require other supporting reforms, including addressing underlying costs through reforms to network tariffs.

We support the SSO seeking to improve outcomes for customers with barriers to CER, including renters, apartment dwellers and low-income households, noting that consumer and industry organisations have been seeking such commitments from government for many years. On its face, the SSO could assist to rebalance the scale to provide some benefit for historically disadvantaged groups. However, we note these consumers will also require other supports to ensure they can fully benefit from the SSO.

Our recommendations in this submission are aimed at ensuring the SSO can be successful and deliver on its promise for consumers. This includes:

- ensuring the SSO is guided by clear objectives
- progressing broader reforms to achieve system objectives, including network tariff reforms
- providing other supports to target cohorts (like renters, apartment dwellers and low-income households) to ensure they can fully benefit from the SSO
- consumer protections for the SSO including price guarantees to ensure consumers do not end up paying more if they move to the SSO.

We note further details of the SSO are still being developed, and we welcome further engagement with government and regulators as implementation progresses.

Thank you for considering this submission. If you have any questions, please contact Adam Collins at adam.collins@energyconsumersaustralia.com.au.

Yours sincerely

Dr Brendan French
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Summary of Key Points

This section sets out our high-level observations on the SSO and recommendations on key matters to be considered as part of the SSO's implementation. Our detailed responses to the consultation questions are in the next Section.

The SSO must be guided by clear objectives

We welcome the broad aims and policy intent underpinning the SSO initiative. However, we encourage DCCEEW to clarify and focus on the key objectives of the SSO. In designing and implementing the SSO, while it may lead to a range of other benefits, its primary objective needs to be clear from the outset.

The Consultation Paper highlights three key objectives for the SSO: engage and empower consumers in the energy transition, shift consumer demand away from peak periods – delivering savings for all consumers, and absorb excess renewable generation.[1]

The Consultation Paper also notes a wide range of other objectives or potential ambitions for the SSO, including:

- capturing critical energy savings,[2] empowering consumers to reduce bills and maximise the value of their CER,[3]
- supporting national objectives of affordability, efficiency and decarbonisation,[4]
- reducing reliance on high-cost peak generation, alleviating pressure on network infrastructure, and unlocking savings for all consumers,[5]
- delivering system benefits through improved reliability, reduced network costs and more stable and efficient operation,[6]
- influencing wholesale market electricity behaviour, reducing the frequency of negative wholesale prices, improving economics for renewables, reducing risks for existing participants and enhance DER utilisation,[7]
- aligning energy use with household lifestyle and financial priorities,[8]
- strengthening trust and engagement between consumers and the energy market,[9]
- transforming opaque tariff design into a tool that rewards informed, proactive energy use.[10]

One of the key findings of the DMO Review was that the objectives of the DMO were unclear[11] and that having multiple, competing objectives has substantially undermined its effectiveness.[12] In our submission

[1] DCCEEW, Solar Sharer Offer (SSO) Consultation Paper 2025-26 (Consultation Paper), 23.
[2] Ibid, 9.
[3] Ibid.
[4] Ibid.
[5] Ibid.
[6] Ibid, 18.
[7] Ibid, 19.
[8] Ibid, 21.
[9] Ibid.
[10] Ibid.
[11] DCCEEW, Review Outcomes: 2025 Review of the Default Market Offer, 23.
[12] Ibid, 20.

to the DMO Review we recommended having a clear primary consumer protection objective for the DMO.[13]

The same argument can be applied to the SSO: having unclear or too many objectives will undermine its effectiveness. The objective of the SSO will inform how the Australian Energy Regulator (AER) determines the offer under the Electricity Retail Code, and ultimately how the SSO is communicated and delivered to consumers, influencing its uptake and ultimately its impact on consumers.

While a well-designed and implemented SSO may well have ancillary benefits in a number of areas, as a single retail offer it is unlikely achieve all of the identified benefits simultaneously. We do not think it will be practicable for the AER to balance all these potential objectives when determining the SSO. Clarity will be key to success for all parties.

The SSO has distinct objectives from the DMO

We note the SSO is proposed as an outcome of the 2025 Review of the Default Market Offer (DMO). While there are some similarities with the DMO (in that the SSO will also be a standing offer), they are intended to serve fundamentally different purposes.

The DMO is intended to be a 'fair, trusted and reasonably-priced electricity option' that is focused on protecting consumers who are unable or unwilling to engage in the market.[14] It is intended to be a simple and basic offer, not an innovative one. The DMO is not intended to be widely taken up by consumers, given the availability of better market offers (only around 8% of residential consumers in DMO regions are on standing offers).

In contrast, the SSO appears intended to have a greater role in addressing affordability challenges and in enhancing equity, as well as promoting innovation.[15] Widespread adoption of the SSO is anticipated[16] and indeed would be necessary to achieve some of its stated objectives. Whereas the DMO aims to protect consumers who may not be 'engaged', the SSO explicitly aims to shift consumers' consumption patterns towards the free period.

These differences are significant and distinct from the DMO's objectives and will be material to the AER's determination of the SSO tariffs. DCCEEW should clearly articulate these different objectives and ensure these are specified in the Electricity Retail Code to guide the AER's decision-making.

Objectives for SSO customers and system-wide objectives need to be clearly distinguished

The Consultation Paper highlights both the individual bill savings (or benefits from increased consumption in the free period) for consumers who take up the SSO and the system-level 'savings for all consumers' due to shifting peak demand. It is important for DCCEEW to 'pick a path' and clarify if the intention for the SSO is *primarily*:

1. to deliver benefits for SSO consumers who can take advantage of the free power period – including those who otherwise would find it more difficult to directly benefit from CER, or

[13] ECA, Submission on 2025 Reforms to the Default Market Offer, 2, Recommendation 1.
[14] DCCEEW, Review Outcomes: 2025 Reforms to the Default Market Offer, 7, 12.
[15] DCCEEW, Consultation Paper, 22.
[16] Ibid, 19.

2. to deliver savings for all consumers by shifting load to the free period at a system-level scale sufficient to influence system costs.

We think this 'choice' is consequential in terms of how the SSO is designed and implemented.

Achieving the first intention only might be a reasonable outcome but is not (on its own) consistent with the way government has communicated the SSO and would not achieve the full range of benefits envisioned in the Consultation Paper. An SSO that is designed to only achieve this intention might have higher prices outside the free period to offset any costs associated with the free period.

The cohorts most likely to benefit from such an offer will be those with an EV, those with a battery, those who are at home during the free period and likely have discretionary, easily controlled appliances. We have yet to see clear evidence of which – or how many – consumers likely meet these characteristics. We expect this might be a relatively small cohort of consumers. This will have some impact on demand, but it is unlikely to have the system-level benefits to the degree envisaged in the Consultation Paper.

If the ultimate aim is to deliver the system-wide benefits envisioned per the second intention (and we think this is a worthy aim), the SSO would need to be designed and implemented in a way that enables high take-up of the SSO or SSO-like offers. The Consultation Paper contemplates this in places, noting, '[t]he widespread adoption of the SSO is expected to influence wholesale electricity market behaviour…'.[17]

To be a suitable offer that would be taken up by a large number of consumers, we do not think any costs associated with the free period can simply be shifted into peak / shoulder periods or to daily supply charges, as this would mean consumers who cannot practically shift a large portion of their load to the free period would not be likely to be better off on the SSO and may actually be worse off.

We recognise retailers have highlighted that wholesale and network costs will still be faced by retailers during the free period.[18] We do not express a view at this stage as to how those costs should be met, except that it is not fair or consistent with the way this policy has been communicated to expect consumers to bear all or most of the cost. This would mean there is not actually a 'free' period. The design of the SSO should also seek to ensure that SSO consumers are not subsidised by non-SSO consumers, which would also be an unfair consumer outcome.

The SSO should reflect that it is consumers' own investments in rooftop solar generation that have enabled this opportunity in the first place. It is therefore reasonable to expect that energy firms or government – rather than consumers themselves – should bear more of any cost burden in delivering the free power period.

Ensuring there is genuinely a 'free' period for consumers will also require other supporting reforms, including addressing underlying costs through reforms to network tariffs, which we have addressed elsewhere in this paper.

[17] Ibid, 19.
[18] E.g. AEC, Energy Affordability: Will Solar Sharer reduce energy costs?.

Consumers need clear messages to make informed choices

It is not possible to assess at this stage which or how many consumers are likely to be better off on the SSO – this will depend heavily on further government decisions on the design and implementation of the SSO, including the directions given to the AER on how to determine the SSO tariffs.

However, we assume that not all consumers will be better off on the SSO, and that many consumers, such as those who cannot meaningfully shift their consumption patterns or aren't at home during the day, will be better off on market offers or even the DMO.

As the Consultation Paper notes: 'Customers can be attracted to the promise of 'free' power, without having the means or ability to practically change their energy usage to take advantage of the free power window, exposing them to potentially higher energy bills.'[19]

While it is not new that consumers need to make choices between different offers, as a regulated offer announced and implemented by government, it is important that government clearly communicates to consumers who is likely to benefit by being on the SSO – and who won't. It is also important that consumers are aware of limitations on their ability to access the SSO, i.e. if they do not have a smart meter.

Media reporting since the announcement of the SSO has focused prominently on the SSO providing 'free' electricity. It is entirely reasonable for consumers to conclude based on this that they will simply be better off under the SSO, but we do not expect this to necessarily be the case as it is highly dependent on the timing of consumers' energy use and their ability to shift consumption. More sophisticated messaging is needed to ensure consumers can make informed choices about whether it is in their interests to be on the SSO.

Critically, it is also dependent on the nature of instructions from government to the AER on retailers' ability to recover all the costs of the 'free' window by other means. As demonstrated by national and international reporting of the initiative, consumers have taken government at its word that the SSO will distribute excess daytime capacity (arising from consumers' own investment in solar) free of charge; if it were to eventuate that the three free hours were only achieved by raising peak and shoulder tariffs, consumers will feel confused at best, deceived at worst. We welcome close attention to ensuring no such inadvertent cost shift occurs, not least to ensure widespread confidence in, and thus the success of, the important initiative.

ECA's research on consumer knowledge of electricity pricing and responsiveness to price signals[20] may assist in appropriately targeting the SSO, as well as identifying consumer cohorts that will need other supports to be able to benefit from solar generation.

Other supports are needed to ensure consumers can fully benefit

The Consultation Paper notes that 'renters, apartment dwellers, and low-income households remain excluded from the financial and environmental advantages of rooftop solar and battery storage', and the SSO is intended to ensure these consumers can share in these benefits.[21]

[19] Ibid, 15.
[20] ECA, Consumer Energy Report Card: Consumer knowledge of electricity pricing and responsiveness to price signals | Energy Consumers Australia.
[21] DCCEEW, Consultation Paper, 18.

We support the SSO seeking to improve outcomes for customers with barriers to CER, noting that consumer and industry organisations have been seeking such commitments from government for many years. On its face, the solar saver product could assist to rebalance the scale to provide some benefit for historically disadvantaged groups.

That noted, there may be barriers to these consumers being able to access or fully benefit from the SSO, and targeted supports will continue to be needed for these consumers such as initiatives to support energy efficiency or appliance upgrades and increasing acceleration of the smart meter rollout for certain consumers.

There are also additional ways to achieve the SSO objectives, for example by reforming how network and jurisdictional scheme costs are recovered as discussed later in this submission.

Consumers who will be able to easily increase consumption in the SSO free period are those with an EV, those with a battery, or those who are home during the day or who can automate appliances. These consumer categories do not, in the main, correlate with 'renters, apartment dwellers, and low-income households', indicating other supports are needed for these consumers.

Households living in rental properties are less likely to have a home automation system that allows remote control of appliances. They are also less likely to be home during the day on weekdays compared to those who own their home outright, further reducing their ability to shift demand.[22] Renters and apartment-dwellers are also less likely to have smart meters; consumers without smart meters will not be able to access the SSO at all.

Our research finds that households tend to vary energy use on less energy-intensive appliances, making only modest financial benefits from changing behaviour. Excluding EVs, the largest energy loads for most households are space heating and cooling, and water heating (which make up around 35% to 75% of household energy use, depending on appliances used and climate zone).[23]

The Consultation Paper notes consumers could pre-heat or cool their homes during the day, but Australian homes are generally poorly insulated with an average energy rating of less than two stars out of ten, and so cannot be effectively pre-heated or pre-cooled to avoid using energy during the most expensive times.[24] Rental properties are among the worst-performing homes in terms of energy efficiency. For example, while around 80% of owner-occupied homes report having at least one form of insulation, only 37% of rental properties do.[25]

Households were more likely to say they were shifting when they use washing machines and dishwashers – but these two appliances would likely account for no more than 10% of home energy use, indicating that the financial benefits of time-of-use tariffs are likely modest for many households (though we note these appliances have an impact on water heater use, so their impact could be greater).[26]

While DCCEEW has modelled bill savings for customers based on an up to 30% shift in demand,[27] pilots have found that typical peak demand reductions have generally been around 10 to 20% (depending on

[22] ECA, Consumer Energy Report Card.
[23] Ibid, 8; Department of Climate Change, Energy, the Environment and Water. (n.d.). Heating and cooling | energy.gov.au.
[24] Ibid; Australian governments. (2024). Home Energy Ratings Disclosure Framework: A collaborative project of the Australian, state, and territory governments, Report for Achieving Low Energy Existing Homes.
[25] ECA, Consumer Energy Report Card,
[26] Ibid; Department of Climate Change, Energy, the Environment and Water (n.d.), Appliances | energy.gov.au.
[27] DCCEEW, DMO Review Outcomes - 2025 Reforms to the Default Market Offer, 43.

peak to off-peak price levels).[28] While a 10 to 20% reduction in peak demand may sound like an incredible achievement from a system perspective, for some consumers the individual savings may not be high enough to change behaviour or outweigh 'grudge costs', such as loss of convenience and control.[29]

Many consumers may therefore not fully benefit from the SSO without other targeted supports, such as energy efficiency or appliance upgrades, and increasing acceleration of the smart meter rollout for certain consumers. DCCEEW and regulators, including the AER through its annual DMO (and SSO) price determination process and ACCC through its NEM Inquiry reports, should monitor outcomes for consumers following introduction of the SSO and use this information to inform government on how best to direct other targeted supports for these consumers.

The SSO needs to be supported by key consumer protections

Consumer protections will be important to building consumers' trust in the SSO, particularly if government intends for widespread adoption of the SSO to achieve the benefits intended in the Consultation Paper.

The proposed information disclosure and consent requirements that will be implemented for the SSO are a necessary, but not sufficient, protection to help ensure consumers can confidently choose whether or not to be on the SSO.

Some of the specified matters appear to refer to the explicit informed consent requirements that apply to market retail contracts[30] and existing 'better offer' requirements under the AER's Better Bills Guideline. Given the SSO will be a regulated offer that is intended to be 'trusted'[31] and will be seen as having a level of government backing, it is important to ensure there are additional obligations that clearly enable consumers to understand whether or not they would be better off under the SSO.

We note the observation in the Consultation Paper (in section 4.3.10 on reference price comparisons) that 'an individual customer's usage pattern is critical to understanding the actual bill impact of taking up an SSO will be'.[32] We have previously recommended to DCCEEW that reference price comparisons are based on a customer's actual consumption,[33] though DCCEEW has not adopted this recommendation citing monitoring and compliance costs for AER and retailers.[34]

We suggest DCCEEW reconsider this – at least in relation to the SSO – and ensure that disclosure and reference price comparison requirements clearly explain a customer's likely billing outcomes having regard to their actual consumption, where this is available. The structure of the SSO means that consumers' billing outcomes are particularly sensitive to their actual consumption patterns, more so than flat (or flatter) price offers.

[28] ECA, Consumer Energy Report Card; A Faruqui. (2024), How to Electrify When Electricity Is Expensive: Change the Rate Design by Ahmad Faruqui :: SSRN.
[29] As an example, say a household consumed 10 kWh in the peak period (the average residential electricity consumption is around 11 kWh a day). If a consumer moved 20% of their peak use to the free period, they would save 60c a day (assuming a peak price of 30c per kWh).
[30] E.g. the requirements on p 26 to 'clearly, fully and adequately disclose all matters relevant to the consent of the customer' and 'the form of [the] customer's consent and how that consent will be recorded' appear to refer to the explicit informed consent requirements under Division 5 of Part 2 of the National Energy Retail Law.
[31] DCCEEW, Consultation Paper, 23.
[32] Ibid, 28.
[33] ECA, Submission on 2025 Reforms to the Default Market Offer, 2, Recommendation 8.
[34] DCCEEW, Review Outcomes: 2025 reforms to the Default Market Offer, 41.

Given the SSO is intended to shift consumption patterns, we anticipate claims will be made about savings or billing outcomes for consumers based on shifting load to the free power period.

Statements that a consumer can save a certain amount if they can shift an arbitrary amount of their consumption to the free period could lead to worse outcomes for consumers if they are not based on reasonable assumptions. Any communications regarding potential savings under the SSO need to be based on realistic assumptions about the timing of a consumer's energy use and their capacity to shift load.

A limited price guarantee would support consumers' confidence in the SSO

The Consultation Paper notes that 'if a customer is on an SSO standing offer but would be better off on a different market offer or the "fall back" standing offer, the retailer will communicate this on its bill', and 'customers can request a retailer to be moved from an SSO standing offer to the retailer's "fall back" standing offer'.[35]

These are protections that apply currently in relation to any offer – additional protections are needed in the context of the SSO particularly given that (unlike for other standing offers) it appears there will be a degree of government encouragement for people to take up the SSO, and 'widespread adoption of the SSO' is anticipated.[36]

Depending on how the SSO tariffs are set, there is therefore a risk of worse billing outcomes for a significant number of consumers if they take up the SSO but are unable to adjust their consumption enough to benefit from it. If this outcome eventuates – i.e. consumers end up worse off by moving to the SSO – this will significantly undermine trust in the SSO and perhaps energy market regulation generally and will mean the intended benefits are not likely to be realised.

We note as well that a consumer's ability to shift their consumption to the free period and take advantage of the SSO is likely to change over time, for example if they have personal or work responsibilities that mean they are at home more often during some periods than others. It would not be desirable for a consumer to have to constantly switch between SSO and non-SSO offers to optimise their billing outcomes.

We therefore recommend that the Electricity Retail Code requires the SSO to include a limited form of 'price guarantee' that ensures that an SSO customer does not pay more under the SSO than they would under a non-SSO standing offer (i.e. the DMO). This would require the retailer to calculate both the consumer's bill under the SSO tariff and what their bill would have been under the DMO tariff and bill the consumer for the lower amount only.

A price guarantee could be implemented on a time-limited basis (e.g. 2 years) until consumer understanding of the SSO has developed further and market reaction has settled, or could be introduced as a permanent guarantee.

We note this would not mean that a customer is always no worse off under an SSO – they may well be better off moving to or remaining on a market offer. A price guarantee of the kind recommended would have minimal market impact (as the backstop price would be another default offer) and will help ensure

[35] DCCEEW, Consultation Paper, 26.
[36] Ibid, 19.

customers who can shift their consumption will benefit from the SSO – but will not be penalised if they can't.

Importantly, a price guarantee would also create community confidence in the SSO initiative and address the reputational danger that would arise if consumers were to feel 'duped' into taking up an offer for 'free' electricity that, perversely, ends up costing them more. Maintaining community confidence in the SSO is critical, perhaps more so than for any other energy product, given that an explicit success measure is widespread take-up.

A stronger form of this price guarantee could be considered, e.g. if a consumer moves from a market offer to an SSO offer they are guaranteed not to be worse off than if they remained on the market offer. However, this would have broader market impacts (and may be more complex to implement), hence we have not recommended this option.

Broader network tariff reforms are needed

The Consultation Paper recognises that 'the success of [the] SSO depends on alignment with network tariff structures' and 'harmonising SSO windows with network pricing will maximise benefits and minimise complexity of SSOs'.[37]

The overall impact of the SSO on retailers and the impact of free periods on the prices at other times of the day depends ultimately on both the costs of wholesale energy and network tariffs throughout the day. Efficient dynamic prices like the SSO rely on efficiently and effectively designed network tariffs.

As highlighted earlier in this submission, maintaining community confidence in the SSO is critical and this will not be achieved if costs are simply shifted to other times or other parts of the bill. Ensuring there is genuinely a 'free' period for consumers will require other supporting reforms, including addressing underlying costs through reforms to network tariffs.

ECA has previously commissioned research and made submissions to the AEMC highlighting the need for network tariff reform to improve the equity and fairness of network cost recovery in the context of high CER uptake.[38] We recommend DCCEEW engage with relevant market bodies and concurrent review processes on network tariff reforms to ensure a coordinated NEM-wide approach that delivers equity and fairness to consumers, including network tariff reforms that would support achieving the SSO objectives.

Network tariff reforms are being considered through the AEMC's ongoing Pricing Review, and the NEM Review Panel has also made similar findings and recommendations. It is important that these concurrent reform processes are aligned to ensure a coordinated NEM-wide approach to reform– including in the context of the SSO being introduced but not only in that context.

[37] DCCEEW, Consultation Paper, 18.
[38] ECA, Submission to the Australian Energy Market Commission (AEMC) on The pricing review: electricity pricing for a consumer-driven future discussion paper | Energy Consumers Australia.

Responses to consultation questions

Availability of Solar Sharer Offer-type products

1. **What evidence should inform the SSO window (timing and duration), including factors such as wholesale prices, renewable generation output, demand trends and local network condition?**

The factors identified in the question are all relevant and should be considered by DCCEEW and the AER in setting the timing and duration of the SSO window.

It is important to recognise that just because wholesale spot prices are increasingly negative in the middle of the day, it does not mean that electricity is no cost at that time. This is because:

- spot prices may still be positive frequently, especially in winter and cloudy days
- network consumption tariffs still charge for consumption during those periods.

These matters need to be considered also and may vary significantly between DMO regions (as well as non-DMO regions).

We have commented elsewhere in this submission on the need to ensure these costs, where they are incurred by retailers, are not simply redirected to other parts of SSO consumers' bills. There is a need for any costs associated with the free period to be shared equitably. We suggest this burden should not fall primarily on consumers and that firms or government should bear more of the cost burden in delivering the free power period.

Consumer behaviour also needs to be considered in setting the SSO window. ECA's research on consumer knowledge of electricity pricing and responsiveness to price signals may assist with this,[39] but there are a range of other sources as well.

We caution against making unrealistic assumptions about consumers' ability to shift load or their responsiveness to price signals. We have outlined earlier some of the limitations and barriers to load-shifting faced by consumers that may limit the effectiveness of the free SSO period, particularly if it is shorter, though we note that a longer free period may make any higher tariffs outside the free period more acute.

The Consultation Paper notes retail free power windows are generally narrower than the corresponding network tariff 'solar sponge' off-peak windows.[40] A longer low-cost window that extends beyond the free period and corresponds to network tariff periods could potentially 'smooth out' demand by having a larger period by which people could access the free or low-cost period.

We recommend DCCEEW and the AER also consider evidence from South Australia's solar sponge tariff transition and the impact on demand dynamics.

We also encourage DCCEEW to balance the system impacts with consumer behaviour and comprehensibility in setting the window. At its extreme, the particular window that would best align with the overall condition of the electricity system would change daily based on seasonality, demand

[39] ECA, Consumer Energy Report Card: Consumer knowledge of electricity pricing and responsiveness to price signals | Energy Consumers Australia.
[40] DCCEEW, Consultation Paper, 15.

conditions, weather and many other factors. But, of course, it would be ridiculous to change consumer prices daily, as it is unreasonable to expect any consumer to follow electricity prices that closely or to be able to be that dynamic in their behaviour. In other words, the ability of a consumer to comprehend and alter their behaviour are factors that are just as important in setting the window as energy system dynamics.

2. **How should the effectiveness of the SSO be evaluated over time, noting its multiple objectives (e.g., ensuring SSO take up, and reducing bills for customers without access to CER)?**

Please see our comments earlier in this submission ('The SSO must be guided by clear objectives') on the objectives of the SSO. We recommend DCCEEW clarify the key objectives of the SSO and focus on achieving these, noting the Consultation Paper highlights a broad range of other objectives or benefits.

Given the intention to achieve system-wide benefits, the SSO needs to be designed as a sufficiently attractive offer for consumers to achieve the 'widespread' take-up that is intended. The target cohort of consumers needs to be objectively better off on an SSO compared to other market offers otherwise it is not clear why they would move to the SSO and how the broader system objectives would be achieved.

While take-up of the SSO by the target cohort of consumers (i.e. those who can realistically benefit from the SSO) is a reasonable goal, widespread take-up of the SSO should not in itself be an objective as – depending on how the SSO is determined – for many consumers they will not be better off on the SSO (notwithstanding our recommendation, above, that a price guarantee would likely foster widespread take-up). If the SSO is designed well then take-up will follow.

It should also be made clearer if the SSO is intended to incentivise retailers to develop similar and lower cost SSO-type market offers – or if DCCEEW expects that customers seeking an SSO-type product would primarily move onto the SSO itself.

DCCEEW and regulators should monitor outcomes for consumers following the introduction of the SSO, such as billing outcomes and energy use (noting some consumers might benefit from being able to increase their energy use, without necessarily experiencing a bill reduction), including through the ACCC's NEM Inquiry reports. The AER should also regularly monitor outcomes for consumers including as part of its (presumably) annual process for setting the SSO.

This should include monitoring outcomes not just for those consumers who take up the SSO, but also other consumers who are intended to benefit from the SSO, such as 'renters, apartment dwellers, and low-income households' but may not have taken it up. As highlighted earlier in this submission these consumers may face barriers to being able to fully benefit from the SSO and this monitoring should inform other targeted supports or policy interventions (which should include options beyond further incentivising the take-up of the SSO itself).

Government should also monitor:

- the impact of the SSO on system-level objectives (e.g. shifts in peak demand)
- effectiveness of communications about the SSO (e.g. whether consumers can make informed choices about whether or not they will be better off under the SSO).

This could include directions to market bodies to include this information in existing reports (e.g. AER's State of the Energy Market reports).

3. **What benefits should be expected from the introduction of the SSO? How can risks to customers who choose the SSO but are less able to shift their energy usage be identified and mitigated?**

Similar to our comments on the objectives, we recommend clearly delineating the benefits to individual SSO consumers and the intended system-wide benefits, noting the system benefits will depend on the benefits to individual SSO consumers being sufficient to incentivise consumers to go on the SSO.

Widespread adoption of the SSO should not be pursued at the expense of good outcomes for individual consumers. If there is widespread adoption of the SSO but consumers end up worse off on the SSO this will damage trust and confidence in the scheme and ultimately mean the benefits will not be achieved.

If well-implemented the SSO could improve the ability for consumers to use abundant renewable energy when it is available, and signal to consumers when they get an EV or change their gas hot water heater to an electric one that they should run it during the day. These benefits might be realised in the form of lower bills or higher consumption during the free period (i.e. increasing energy use without negatively impacting their bills).

Whether it is a good decision for an individual consumer to take up the SSO will be determined by a range of factors including:

- how and when they use energy – some will be better or worse off depending on their circumstances – for example, customers with solar or who are not home during the day may not benefit from the SSO
- whether people can meaningfully shift energy use to the free period – noting there are limitation to this as most peak energy use is driven by heating and cooling, as well as EVs (see our comments earlier in this submission)
- whether people can increase energy use in the free period – a benefit of the SSO is that consumers can use more electricity at no cost during the free period (e.g. use heating and cooling they wouldn't otherwise have used).

The 'risks to customers who choose the SSO but are less able to shift their energy use' can be addressed in part:

- by the SSO being designed to minimise this risk, e.g. by avoiding excessive cost-shifting to other times or parts of the bill, and
- by not encouraging these consumers to take up the SSO in the first place.

Additional protections could include:

- a price guarantee, like we have recommended, for SSO consumers that ensures that an SSO customer does not pay more under the SSO than they would under a non-SSO standing offer (i.e. the DMO)
- information disclosure and reference price requirements to help ensure consumers have useful information that takes into account their actual consumption and expected billing outcomes under the SSO.

4. **Are there likely to be any practical constraints on certain customer cohorts who could benefit from an SSO being able to accrue those benefits through increasing their consumption in the SSO window?**

We welcome the aspiration for the SSO to benefit renters, apartment dwellers and low-income households that are largely excluded from CER benefits, but note there are several practical constraints on these consumers being able to increase or shift their consumption to the SSO window. Consumers who are easily able to increase consumption in the free period are those with an EV, with a battery, or at home during the day.

Some of these constraints are discussed in ECA's report on consumer knowledge of electricity pricing and responsiveness to price signals,[41] and earlier in this submission.

These include:

- renters are less likely to have home automation that allows remote control of appliances
- renters are less likely to be home during the day compared to those who own their home outright
- renters and apartment-dwellers are less likely to have smart meters (which is a criterion for eligibility for the SSO)
- low-income households are less likely to own EVs
- poor insulation and energy efficiency is a major barrier to pre-heating and cooling homes, and rental properties are among the worst performing
- appliances consumers say they are most likely to shift (washing machines and dishwashers) account for a low proportion of home energy use.

We recommend that outcomes for these consumers are monitored (whether or not they take up the SSO), and this monitoring informs other targeted supports for these consumers. It is important to recognise that there will continue to be a range of other potentially more impactful initiatives that can achieve or supplement some of the outcomes intended by the SSO – for example, addressing peak demand reduction through energy efficient appliances and other household energy upgrades.[42]

5. **Should the SSO standing offer be more expensive outside the zero-cost usage window than current rates to further incentivise shift load? If so, should there be any constraints on costs outside of the zero-cost usage window to protect customers who have chosen the SSO, but are unable to load shift?**

By 'current rates' we assume DCCEEW means current standing offer rates, i.e. under the DMO.

We have two main comments in response to this question:

- as noted earlier in this submission, to be a suitable offer that would be taken up by a large number of consumers we do not think any costs associated with the free period can simply be shifted into peak / shoulder periods or to daily supply charges
- in any case, the only purpose of higher tariffs outside the zero-cost usage window should be to enable cost recovery, not to incentivise consumers to shift load. The most important price signal for consumers is the zero-cost SSO window – not the prices outside this window.

[41] ECA, Consumer Energy Report Card: Consumer knowledge of electricity pricing and responsiveness to price signals | Energy Consumers Australia.
[42] E.g. IEEFA, A focus on homes, not power plants, could halve energy bills | IEEFA.

We recognise retailers have highlighted that wholesale and network costs will still be faced by retailers during the free period. We do not express a view at this stage as to how those costs should be met, except that it is not fair or consistent with the way this policy is communicated to expect consumers to bear all or most of the cost. This would mean there is not actually a 'free' period. The design of the SSO should also seek to ensure that SSO consumers are not subsidised by non-SSO consumers, which would also be an unfair consumer outcome.

As stated in response to **Q3** if the design of the tariff is such that consumers who are not able to shift sufficient load will be worse off on the SSO, these consumers should not be encouraged to move to the SSO in the first place.

However, we have recommended a limited price guarantee that ensures that an SSO customer does not pay more under the SSO than they would under a non-SSO standing offer (i.e. the DMO). This would also provide a form of protection for a consumer who is temporarily unable to shift load, without requiring the consumer to switch between SSO and non-SSO offers in different billing periods.

The Case for Implementing the SSO

1. **Does the proposed SSO regulatory framework — anchored in the Electricity Retail Code and linked to the DMO — appropriately balance affordability, equity, and retailer flexibility? Are alternative approaches preferable?**

There is limited information currently available on the proposed changes to the Electricity Retail Code to implement the SSO to properly make this assessment.

We generally support the SSO framework being introduced through the Electricity Retail Code, noting the SSO is a form of standing offer and the Code already provides a framework for regulating standing offers.

However, as we have highlighted earlier in this submission, the SSO has objectives that are distinct from the DMO, that should be recognised in the Code.

In some respects the SSO differs from other standing offers and seems closer to a form of regulated market offer than a standing offer. This includes that:

- it has fundamentally different objectives to the DMO
- the Consultation Paper envisages widespread adoption of the SSO, whereas the DMO is not intended to be an offer that is widely taken up by consumers
- it is not intended that consumers will 'default' onto the SSO (it is opt-in only, like a market offer), whereas consumers default onto the DMO in a range of circumstances.

We have outlined earlier in this submission our views on the objectives of the SSO and have recommended that, where these objectives differ from the DMO and are material to the AER's determination of the SSO tariff, they should be set out in the Code.

This will promote transparency and consistency in setting the SSO tariffs and avoid similar issues to previous DMOs where it has been difficult to discern the objectives that should guide the AER's determination of the regulated price.

2. **What practical issues need to be addressed to ensure the SSO operates consistently either in DMO or non-DMO jurisdictions, while recognising local regulatory settings?**

Variability in solar uptake, feed-in tariffs, wholesale and network costs, retail market dynamics and other factors between jurisdictions or regions might impact on the appropriate zero-cost window and other costs and the feasibility of implementing the SSO across different regions.

These issues need to be considered carefully, though it is preferable for the zero-cost window to be aligned between jurisdictions to the extent practicable to support consumer understanding of the SSO. Consumer understanding and the behavioural change intended by the SSO is less likely to arise if there is significant variability between jurisdictions or regions.

Interactions between the SSO and existing regulated pricing in non-DMO jurisdictions will also need to be considered. We note the Essential Services Commission is consulting on a free power period tariff as part of the Victorian Default Offer (VDO),[43] and the ACT government is considering whether to seek advice from its regulator on the introduction of a similar scheme.[44]

DCCEEW may need to consider whether it is preferable that different jurisdictions have different regulated SSO-style offers (similar to how the DMO applies alongside other regulated prices like the VDO) or if it is intended that the SSO itself would apply in each jurisdiction (i.e. the AER would determine the SSO for all jurisdictions).

3. **What principles should guide how the AER (and relevant state regulators) set SSO standing offer prices, including how to reflect the $0 per kWh usage window without distorting costs or creating excessive cross-subsidies?**

Per our earlier comments, to be a suitable offer that would be taken up by a large number of consumers we do not think any costs associated with the free period can simply be shifted into peak / shoulder periods or to daily supply charges, as this would mean consumers who cannot practically shift a large portion of their load to the free period are not likely to be better off and may actually be worse off.

We recognise retailers have highlighted that wholesale and network costs will still be faced by retailers during the free period. We do not express a view at this stage as to how those costs should be met, except that it is not fair or consistent with the way this policy is communicated to expect consumers to bear all or most of the cost. This would mean there is not actually a ‘free’ period. The design of the SSO should also seek to ensure that SSO consumers are not subsidised by non-SSO consumers, which would also be an unfair consumer outcome.

The SSO should reflect that it is consumers’ own investments in rooftop solar generation that have enabled this opportunity in the first place. It is therefore reasonable to expect that energy firms or government – rather than consumers themselves – should bear more of any cost burden in delivering the free power period.

As the SSO will be implemented under the Electricity Retail Code, the principles and objectives used in setting the DMO would generally appear relevant and appropriate. However, as we have noted, the

[43] ESC, Victorian Default Offer price review 2026–27 | Essential Services Commission.
[44] ABC News, Can Canberrans access free power under the federal government's proposed Solar Sharer scheme? - ABC News.

objectives of the SSO significantly differ in some respects from the DMO and this should be reflected in the Code.

At ECA, we use several pricing principles that could also be considered in setting the SSO price, including:

- Prices should allocate costs fairly, recognising that much electricity infrastructure is sunk and many costs cannot be avoided
- Prices must be publicly acceptable and transparent, ensuring they are understandable and perceived as fair by stakeholders
- Prices must be fit for purpose for a distributed energy system. Notably, they must reflect that significant amounts of energy are generated and stored locally. In addition, that many consumers are "prosumers" exporting their own energy and being intermittently independent from the grid. These trends will increase significantly into the future.
- Prices should promote system efficiency where it meaningfully does so, but in a way that does not unfairly burden those unable to participate.
- Consumers should only be exposed to dynamic prices if they have an ability to respond to and benefit from them.

4. What considerations or risks should be addressed in the event of a staged national rollout of the SSO across jurisdictions? How can readiness, consumer understanding, and retailer adaptability be best supported during implementation?

Depending on how the SSO is designed, a key risk is that consumers who are unable or unlikely to benefit from the SSO will take up this offer and be worse off under the offer, which may diminish consumer trust in the energy transition. We have made a number of recommendations to address this risk.

Clear communication can mitigate these risks – particularly by noting that not all consumers are necessarily well-placed to benefit. Communication might even encourage those with batteries (and potentially EVs) onto even more dynamic offers that ultimately can provide greater benefits for them (and their neighbours).

As noted in response to **Q2**, in terms of risks associated with the roll-out across jurisdictions (or even within jurisdictions) – variability in solar uptake, feed-in tariffs, wholesale and network costs, retail market dynamics and other factors between jurisdictions or regions might impact on appropriate zero-cost window and other costs and the feasibility of implementing the SSO across different regions.

These issues need to be considered carefully, though it is preferable for the zero-cost window to be aligned between jurisdictions to the extent practicable to support consumer understanding of the SSO. Consumer understanding and the behavioural change intended by the SSO is less likely to arise if there is significant variability between jurisdictions or regions.

5. How could a regulated SSO framework best complement or build on the innovative time-based pricing models already emerging in the market?

Information from retailers who currently offer Free Power Period (FPP) offers, in Australia and other countries, and any available feedback from consumers on those offers should be considered in designing and implementing the SSO. This could include, for example, information on how consumers' energy use patterns change in response to an FPP offer and consumers' billing outcomes under an FPP.

While these offers are emerging and not widespread, as the Consultation Paper notes, there are significant differences in the design of these offers.[45] Analysis of the impacts of different offers on consumer response may help inform optimal settings for the SSO.

It is not clear from the Consultation Paper whether the intention is that consumers seeking an FPP-type product would primarily move to the SSO, or if it is intended that the requirement to offer the SSO should incentivise retailers to develop SSO-style market offers.

Section 4.3.10 of the Consultation Paper contemplates price comparisons between 'SSO market offers' and the SSO standing offer price. Further clarity on when this price comparison might apply might assist understanding of the type of retailer behaviour that the SSO seeks to incentivise. For example, clarity on the basic criteria for what would be considered an SSO market offer (e.g. the free power period) with flexibility for retailers to innovate around that.

We note the reference to 'SSO market offers' in the Consultation Paper and recommend DCCEEW and retailers avoid using this term. As the SSO is a regulated standing offer, there is a risk that consumers will be confused if other (market) offers are also referred to as SSO offers. Consumers may assume these market offers are subject to the same level of regulation as the SSO (or are otherwise the same as the SSO). Elsewhere in the paper SSO-style market offers are referred to as FPP offers, which is preferable.

6. How could customers without solar PV and batteries, including vulnerable or disengaged households benefit from the SSO? What risks to vulnerable or disengaged households need to be taken into account?

Research using consumption data from 1,000 'hardship consumers' from AGL and 1,000 general consumers shows that hardship customers have consistently higher energy use than standard consumers. When examining the average hourly consumption profile, the entire daily load curve is elevated for the hardship cohort, including during the middle of the day.[46]

Having higher daytime usage means that access to a free midday electricity window could deliver substantial savings for these consumers. However, because their overall consumption is also higher outside the free window, any increase in rates during the non-free hours could offset part of these benefits. Ensuring that hardship consumers do not face disproportionately higher costs outside the free power period will therefore be critical to achieving positive outcomes for this group.

One of the main groups of households with limited access to solar PV and batteries are those living in rental homes. The SSO offers these households an opportunity to benefit from low-cost solar energy in a similar way to households with rooftop PV, but (depending on how it is designed) only within a very limited time window. Because renters typically do not have access to a battery to store energy for later use, they can only benefit if they are able to meaningfully shift their energy use into this window—either by being at home, using a home automation system, or having flexible technologies such as EVs that can be easily scheduled.

[45] For example, we understand that Ovo Energy's Free 3 Plan recovers costs through higher usage charges (but has the same supply charge as Basic plans) whereas AGL's Three for Free plan recovers costs primarily through increased supply charges: Ovo Energy, Pricing — OVO Energy; AGL, Three for Free Electricity Plan - AGL.
[46] Dodd and Nelson, Australian household adoption of solar photovoltaics: A comparative study of hardship and non-hardship customers - ScienceDirect.

However, our survey shows that renters are less likely to have a home automation system that allows remote control of appliances.[47] They are also less likely to be home during the day on weekdays compared to those who own their home outright, further reducing their ability to shift demand.

Heating and cooling are the largest household energy loads. While pre-heating and pre-cooling can help shift these loads into low-cost periods, this works best in homes with high energy-efficiency ratings. Rental properties are among the worst-performing homes in terms of energy efficiency. For example, while around 80% of owner-occupied homes report having at least one form of insulation, only 37% of rental properties do.[48]

If the free power period leads to higher energy rates outside this window, there is a risk that households may avoid heating or cooling when they need it in order to keep bills down. Our consumer data show that renters are more likely to avoid heating and cooling to save money.

Limiting the Solar Sharer window to just three hours—likely in the middle of the day when solar generation is highest—further constrains the benefits for those working outside the home. A longer free or low-cost daytime window, such as 9am–3pm, could provide more flexibility for some households, allowing them to shift usage by adjusting work hours slightly (for example, starting later or returning home earlier). A short, fixed window makes this more difficult.

7. **How should the department and regulators monitor whether retailers are recovering the costs of providing the SSO in a transparent and equitable way across tariff offerings?**

See our comments earlier in this submission on recovery of costs associated with the free period under the SSO.

In any case, is not clear why costs would be recovered 'across tariff offerings'. The premise of the question appears to be that the SSO might be subsidised by other offers (i.e. by non-SSO consumers). If the SSO is designed such that retailers are recovering SSO-related costs from non-SSO customers, it is unlikely this can be effectively monitored, given retailers have a wide range of offers in the market. Non SSO consumers should not be subsidising the SSO at all; we think this would be an unfair consumer outcome and would create an undesirable cross-subsidy.

8. **What wholesale market or system-level benefits (e.g., demand shifting, reduced peak prices, better utilisation of daytime solar generation) could arise from widespread uptake of the SSO and are there complementary policies that would further increase these benefits?**

We expect demand shifting benefits will likely be relatively low, at least initially. However, if there is widespread take-up, as envisioned in the Consultation Paper, these benefits may increase over time. The SSO would need to be carefully designed in a way that incentivises this take-up; we have commented on this elsewhere in the submission.

It is not clear even with high take-up that evening peaks will necessarily reduce. People will still need heating and cooling at night and will still need to cook dinner. Higher minimum demand will be a benefit,

[47] ECA, Consumer Energy Report Card.
[48] ECA, Understanding and measuring energy hardship in Australia, 14.

which will have system benefits (but if minimum demand increases, so will wholesale prices and electricity won't be free during the day).

There are a large range of other policies that could address the wholesale market or system-level benefits. We have highlighted the need in for broader network tariff reforms, that might contribute to some of the other benefits intended from the SSO. Reforms to environmental and jurisdictional scheme costs should also be considered.

Other complementary policies could include:

- additional consumer devices – like appliance timers and incentives for landlords to adopt efficient, electric and flexible appliances
- other measures to address poor home insulation and energy efficiency
- significant engagement (from government and retailers) with consumers to help them understand how to regularly shift energy use to benefit, particularly targeted to consumers who are likely to be able to benefit
- a much better Energy Made Easy platform that easily leverages a consumer's smart meter data to tell them quickly and with clarity if they'll benefit from SSO and likely by how much.

9. What data should the department and regulators use to evaluate policy and market benefits of the SSO?

See also our comments on **Q2** under 'Availability of Solar Sharer Offer-type products' , which are also relevant to this question.

Peak and minimum demand across jurisdictions and at substation level data should be monitored.

Because the offer is opt-in, consumers will need clear information and guidance to understand – based on their current load profile and their ability to shift consumption – whether they will be better off before choosing this plan.

Comparing bill and smart-meter data for different household groups, such as vulnerable households, renters, concession holders and households without access to solar PV, before and after the introduction of the SSO will help identify which groups are able to benefit from this offer and which may be disadvantaged.

One of the most promising uses of the free-solar window is electric-vehicle (EV) charging. However, this depends on vehicles being at home during the free-energy period and households having access to parking and a charger. Understanding where cars are actually parked during the day is therefore essential for effective tariff design.

Findings from recent research using one-day travel-diary data from a representative sample of Victorian households show five distinct daytime vehicle movement patterns. Approximately one-third of vehicles are parked at home during the day, another one-third are away from home for the entire day (typically at workplaces), and the remaining vehicles have mixed availability: at home for only part of the day such as earlier in the morning, later in the afternoon, or around midday.[49]

This highlights two important considerations:

[49] Hajhashemi, Lavieri and Say, Examining the potential for residential solar charging to meet electric vehicles' needs - ScienceDirect.

- A single fixed three-hour window may not be ideal for all households, given the diversity of when vehicles are actually at home. It may also create secondary demand peaks in a future where most vehicles are electric.
- Vehicles that are away from home during the solar window are predominantly parked at workplaces, indicating a strong opportunity to explore similar daytime solar–aligned charging options in workplace or public-charging environments. (Though we note daily charging is not necessarily required, so if consumers have their vehicle at home during the weekend in the middle of the day they may still benefit.)

Objectives and proposed implementation approach

1. **Should all electricity retailers be required to make an SSO standing offer available to eligible customers, or should exemptions be provided to certain retailers or class of retailers? What criteria should be used to determine any exemptions or carve out of retailers or class of retailers? How could exemptions be implemented to avoid undermining national consistency or consumer access?**

Given the intention is that the SSO is a standing offer that all consumers can request from their retailer, the SSO should be offered by all retailers like other standing offers. It would lead to a poor consumer experience and undermine trust in the SSO if consumers cannot actually access the SSO from their retailer, particularly if it is communicated as being widely available.

If exemptions are proposed, the SSO should at a minimum be available from a customer's designated retailer (i.e. the local area retailer or the financially responsible retailer). This would at least ensure all consumers can access the SSO from a retailer (if not their current retailer). However, this would involve greater friction (i.e. the consumer may have to change retailer), and to the extent that SSO take-up is significant, could increase market concentration.

It is also unclear if (for example) a smaller retailer was exempt but wanted to offer an SSO-type product anyway, if this would be considered an SSO standing offer or a non-SSO market offer (as well as being confusing for consumers, this could have potential competition impacts if an 'exempt' retailer was unable to market an offer as an SSO).

2. **How might the AER weigh up the availability of solar energy for use in a zero-charge usage window, wholesale market dynamics and distribution network conditions in determining the SSO?**

In weighing the availability of solar energy, wholesale market dynamics, and network conditions, the AER should apply a principle that prices reflect underlying costs while ensuring consumer protections and system efficiency, and meeting the objectives of the SSO (and the constraints it imposes i.e. the free power period).

Electricity prices are primarily made up of wholesale and network costs, which are fundamentally different in nature. This reform highlights the need to differentiate these components.

Wholesale costs are shaped by the contract market, which reflects historical and expected spot prices. Spot prices themselves are driven by supply and demand. Due to abundant rooftop solar, daytime spot prices are often very low or even negative, and the Solar Sharer Offer (SSO) seeks to align retail pricing with this reality. However, two considerations apply:

- Spot prices are not always zero or negative during the proposed SSO period. This means there will be a marginal cost of electricity consumption in that period. If the SSO successfully increases daytime demand, spot prices could rise, reducing the intended benefit.
- Retailers hedge through contracts, meaning they incur costs regardless of spot price movements. They pay more when prices are low to avoid paying much more when prices are high.

Network costs, by contrast, are driven by long-term investment to meet growth and peak demand, not short-term consumption. Networks recover sunk costs and maintain infrastructure. Marginal network costs during the day are minimal because capacity is generally ample. This makes network conditions suitable for an SSO tariff.

However, networks currently recover costs through volumetric charges, including during the SSO window. This approach contradicts the nature of network costs and the intent of the SSO. We therefore support reform to network cost recovery through the AEMC's pricing review, as discussed elsewhere in this submission.

3. Are the proposed information disclosure and consent requirements sufficient to ensure customers understand how an SSO offer works and whether it suits their energy usage patterns?

As outlined earlier in this submission, the proposed information disclosure and consent requirements are a necessary, but not sufficient, protection to help ensure consumers are not made worse off by choosing the SSO.

Disclosure and reference price comparison requirements should clearly explain a customer's likely billing outcomes having regard to their actual consumption, where this is available. The structure of the SSO means that consumers' billing outcomes are particularly sensitive to their actual consumption patterns, more so than flat (or flatter) price offers.

Any communications regarding potential savings under the SSO need to be based on realistic assumptions about the timing of a consumer's energy use and their capacity to shift load. Statements that a consumer can save a certain amount if they can shift an arbitrary amount of their consumption to the free period could lead to worse outcomes for consumers if they are not based on reasonable assumptions.

We have addressed this elsewhere in this submission and have also recommended a price protection to mitigate against the risk that consumers end up worse off under the SSO if they are not able to meaningfully shift their consumption patterns.

4. What issues should the department consider in designing for a staged rollout of the SSO across DMO and potentially non-DMO regions to ensure households nationally are able to access an SSO or equivalent?

Clear and early planning and engagement between DCCEEW and jurisdictions is needed to ensure any national rollout is coordinated. A poorly coordinated rollout is likely to undermine consumers' trust in the SSO.

Consumers are not likely to have a detailed understanding of jurisdictional energy frameworks and might reasonably assume that a policy announced by the federal government will be rolled out across Australia

at the same time. This can lead to confusion about whether consumers in particular jurisdictions can access the scheme.[50]

As raised in response to previous questions, the variability in solar uptake, feed-in tariffs, wholesale and network costs, retail market dynamics and other factors between jurisdictions or regions might impact on the SSO rollout across jurisdictions. These issues need to be considered carefully, though it is preferable for the zero-cost window to be aligned between jurisdictions to the extent practicable to support consumer understanding of the SSO.

5. **What key metrics or indicators should be used to measure the effectiveness of the SSO post-implementation in terms of impacts on affordability, equity, consumer empowerment and changes in demand?**

As raised earlier, DCCEEW and regulators should regularly monitor outcomes not only for SSO customers, but also for those who the SSO is intended to benefit but may not be on the SSO (for example because they face barriers to access). We have raised earlier in this submission a range of issues that may impact consumers such as renters, apartment-dwellers and low-income earners from being able to benefit from the SSO. If these consumers – who the SSO is intended to benefit – are not able to do so, this suggests the need for other complementary programs and policy initiatives.

Metrics or indicators should include billing outcomes and energy use (noting some consumers might benefit from increased energy use without necessarily experiencing a bill reduction) – and we suggest this is incorporated into the ACCC's NEM Inquiry reports. We have also made recommendations in relation to supporting clear communication and consumer understanding of the SSO. The effectiveness of these communications (e.g. in whether consumers can make informed choices about whether or not they will be better off under the SSO) should also be measured. Broader indicators (e.g. changes in demand) should also be tracked through existing energy market reports.

6. **Is the proposed definition of a compliant SSO standing offer, particularly the minimum zero-charge usage window and limits on fixed-charge recovery, appropriate to deliver meaningful consumer benefits?**

We suggest clearly distinguishing between:

- the criteria or requirements that the AER needs to take into account and is bound by in setting the SSO, and
- the obligation of retailers to offer the SSO in compliance with the SSO set by the AER.

A compliant SSO standing offer should be one that complies with the SSO standing offer tariffs set by the AER under the Electricity Retail Code. This would (presumably) include a regulated supply charge, the timing and duration of the zero-cost usage window, and the usage charges outside that window.

The other 'Criteria for a compliant SSO offer' set out in section 4.3.4 appear to be more appropriate as matters that need to be considered by the AER in setting the SSO, i.e.:

- the tariff structure must be simple and easy for consumers to understand
- the zero-cost window must be aligned with periods of high output from rooftop solar
- the proportion of total costs to be recovered from fixed charges

[50] E.g. ABC News, Can Canberrans access free power under the federal government's proposed Solar Sharer scheme? - ABC News.

- the tariff structure ensures consumers are charged a reasonable price outside the zero-charge usage window.

These are all matters for the AER to consider in determining the tariff structure rather than matters for retailers in aligning their SSO tariffs with the AER determination. Provided the AER sets these tariffs it is not clear what additional judgement is required from retailers on these matters – they simply need to make an offer that is compliant with the AER-determined tariffs.

In relation to limits on fixed-charge recovery, we are wary of retailer costs associated with the free period being redirected to fixed charges. The appropriate tariff structure is best considered by the AER through a price determination process (like for the DMO). Setting a hard limit on fixed-charge recovery might have unintended consequences (e.g. if a consumer were able to redirect all their consumption to the free period, all costs would be recovered through fixed charges – so it is not clear how a cap on fixed charge recovery would work).

Some guidance or policy principles in the Code on the costs that may or may not be recovered through fixed charges may be appropriate, provided the AER is left with sufficient discretion to consider (and importantly, to consult on) a range of options in its determination.

7. What other factors may the AER need to take into account in calculating an SSO so that it meets the new policy objectives and proposed regulatory requirements for the DMO?

See our comments earlier in this submission on the objectives of the SSO. As the SSO is intended to be a standing offer regulated under the Electricity Retail Code, the factors in the Code applicable to the DMO will need to be considered (e.g. the new objective of the DMO). However, as we have noted, the SSO in some respects has distinct objectives from the DMO which should be included in the Code to guide the AER's determination of the SSO, where these are additional to the DMO objectives.

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