ENERGY CONSUMERS AUSTRALIA

Submission on Energy Affordability and Competitiveness in South Australia

Energy Consumers Australia submission to the Select Committee

DATE: 6/11/2026

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.

Energy Consumers Australia (ECA) appreciates the opportunity to make a submission to the Select Committee.

South Australian consumers face significant affordability pressures. Electricity prices in South Australia are generally higher than in other NEM states.[1] ECA's consumer surveys show South Australians report greater difficulty paying electricity bills and have higher levels of concern about the cost of energy than the national average.[2]

We welcome measures to improve energy affordability for South Australian consumers.

Energy affordability is a broad topic, but for households and small businesses, it depends on how much energy they use, and how much they pay for that energy use. Both levers – reducing overall energy demand and reducing energy prices – play key roles in increasing affordability.

We outline in this submission a range of measures we recommend the Select Committee investigate and the South Australian Government pursue related to reducing use and reducing prices.

The primary way for consumers to reduce their energy demand is to install efficient electric appliances and drive electric vehicles. Efficient electric appliances use far less energy than the gas and petrol equipment they replace, because they move or direct energy rather than burning fuel to make heat.

The International Energy Agency (IEA) finds that a typical heat pump, the technology in reverse-cycle air conditioners and heat pump hot water systems, delivers around four units of heat for every unit of electricity, making it three to five times more efficient than gas boilers.[3] The Victorian Government rates induction cooktops around three times more efficient than gas.[4] The Climate Change Authority finds electric vehicles are three to five times more efficient than petrol cars.[5] Across a whole home, Victorian Government modelling assumes a new dual-fuel home uses 4.3 megawatt-hours (MWh) of electricity and 43.5 gigajoules (GJ) of gas a year, roughly 16 MWh in total, while an all-electric home uses 6.3 MWh, around 60% less energy.[6]

Below, we include additional information about how to promote efficient electrification for households and small businesses while also helping to create a safe and orderly transition off the gas network. The South Australian Government must both enable households and businesses to fully realise the benefits of efficient electrification, and manage the risks to remaining gas consumers who will pay a higher share of the fixed network costs as other consumers leave the network.

To reduce energy prices, one must reduce (or mitigate increases to) both the generation of electricity and the cost of the networks that deliver it. Most network costs are fixed: the poles and wires cost much the same whether they are heavily or lightly used. Every additional unit of electricity that flows through

[1] ACCC, Inquiry into the National Electricity Market report - June 2026 | ACCC, Appendix C.
[2] ECA, Energy consumer survey data | Energy Consumers Australia.
[3] IEA, How a heat pump works - The Future of Heat Pumps - IEA.
[4] DEECA (Vic), Induction cooktop discounts.
[5] Climate Change Authority, Transport.
[6] Victoria's gas ban for new homes expected to reap significant emissions cuts | Energy | The Guardian.

existing infrastructure at times when it has spare capacity spreads those costs more thinly and lowers the cost per unit for all consumers.

The Australian Energy Market Commission (AEMC) projects South Australian network costs to decrease slightly over the next decade, partly because demand increases.[7] It also finds that faster electrification would keep network costs per unit broadly unchanged, because the extra consumption offsets the additional investment required. The risk lies in how new demand is managed. Of all the scenarios the AEMC modelled, uncoordinated consumer energy resources had the largest impact on network prices, because higher peak demand drives additional network investment even with no additional electricity consumption over the year.

Efficient electrification can therefore lower prices as well as consumption, provided electric vehicles and appliances such as hot water systems run at times that make the best use of the existing network and of low-cost renewable generation.

Our submission sets out measures to put downward pressure on the cost of supply. These include improving the utilisation of the distribution network, strengthening how network businesses plan and invest, and ensuring households and small businesses with consumer energy resources such as rooftop solar, batteries and electric vehicles are fairly rewarded for the value they provide to the system. We include evidence of the impacts of aspects of the wholesale market that may have material impacts on retail prices. We also address protections for consumers who are least able to take up these opportunities, so the benefits of a lower-cost system are shared fairly.

Our submission includes a range of recommendations to:

- support electrification and manage consumer risks as gas networks decline (p 5-10)
- improve network utilisation and tariff design (p 10-11)
- reduce risks to consumers from debt and disconnection (p 11-14)
- effectively regulate data centres to manage energy consumer risks (p 14-15).

Relevant ECA research and analysis is also included as attachments to the submission.

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

[7] AEMC, AEMC Residential Electricity Price Trends 2025.

South Australian households and small businesses face significant affordability pressures

ECA's Consumer Energy Report Card, a twice-yearly survey of more than 4,000 households, highlights the significant affordability pressures facing energy consumers in South Australia.

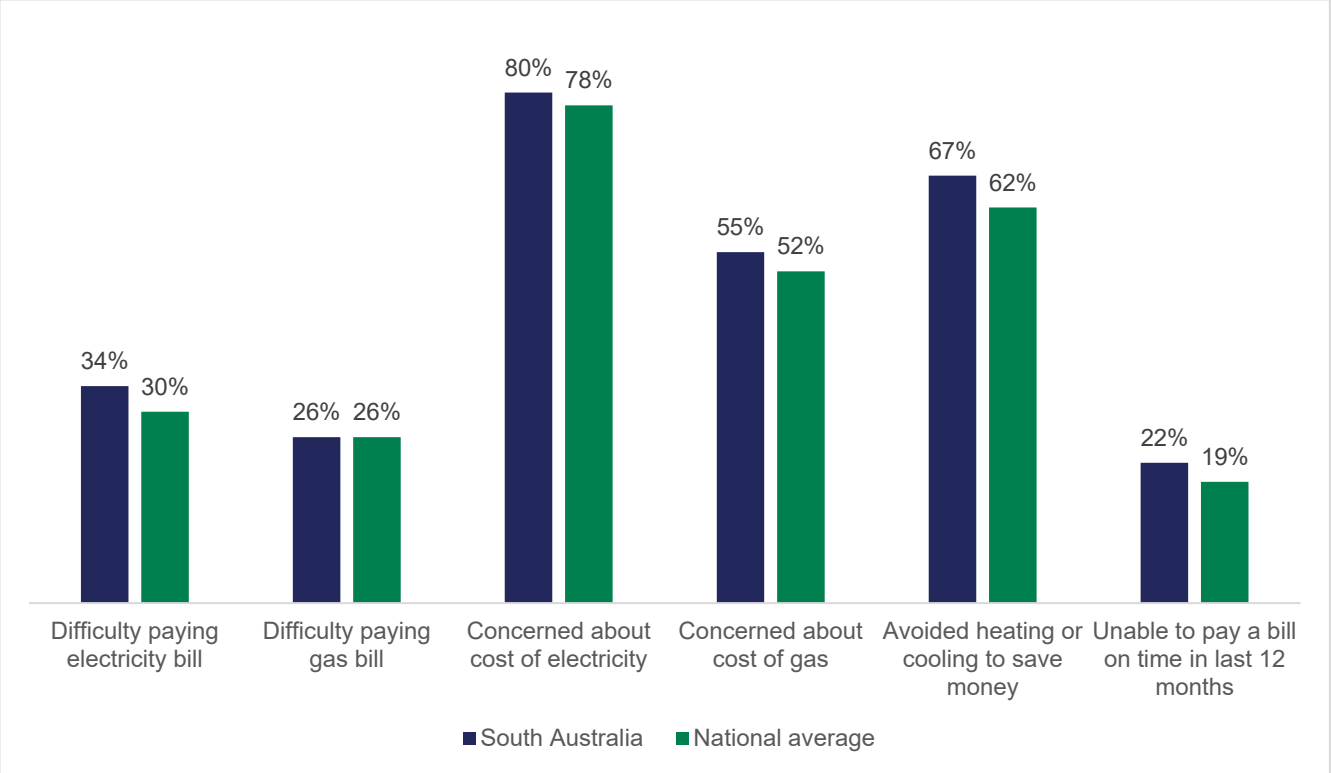
ECA's latest data shows that:

- 34% of South Australian consumers report difficulty paying their electricity bill
- 26% of South Australian consumers report difficulty paying their gas bill
- 80% of South Australians are extremely or quite concerned about the cost of electricity
- 55% are extremely or quite concerned about the cost of gas (3% higher than the national average) – this rises to 65% among customers with a gas connection
- 67% of South Australians say they have avoided heating or cooling to save money – the highest in the country
- 22% of South Australians have been unable to pay an energy bill on time due to financial difficulties in the last 12 months.

These figures are generally higher than the national average.

See Attachment 1: Consumer Energy Report Card, Topline Report (June 2026)
Full data available at: Energy consumer survey data | Energy Consumers Australia

South Australian households have higher than average levels of energy stress



This is also reflected in data from the Australian Energy Regulator. At Q3 2025-2026, there were 21,470 South Australian electricity consumers in hardship programs, 18% more than the previous year.[8] 9,562 South Australian gas consumers were also in hardship programs, 21% more than the previous year. South Australians had the highest average electricity debt on entry to a hardship program at $2,818.[9]

Small businesses also face similar pressures. ECA's recent Small Business Energy Consumer Survey shows that:

- 29% of South Australian small businesses say electricity is one of their highest business costs or 'a fairly large cost' (26% for gas)
- 26% of South Australian small businesses report difficulty paying their electricity bill, and 11% report difficulty paying a gas bill.[10]

See Attachment 2: Small Business Energy Consumer Survey, Topline Report (2026)
Full data available at: Energy consumer survey data | Energy Consumers Australia

Unaffordable energy bills can have significant impacts for South Australian small businesses. Actions reported by South Australian small businesses who had difficulty affording energy bills include:

- reducing energy use to lower costs
- using business savings or cash reserves to pay energy bills
- passing on costs to consumers through increased prices
- absorbing costs from their own salary.[11]

Electrification and gas network reforms are needed to support affordability and manage consumer risks through the transition

Electrification represents a significant savings opportunity for households and small businesses.

ECA's *Stepping Up* report and CSIRO modelling found that by 2030 the average difference in total energy costs, including transport, between a typical fossil-fuelled home and an all-electric home (without solar and a battery) will be around $2,250 per year. Households that install solar and a battery will make additional savings.

See Attachment 3: Stepping Up: A smoother pathway to decarbonising homes (2023)
Available at: Stepping Up: A smoother pathway to decarbonising homes | Energy Consumers Australia

The households that benefit the most from the energy transition will be those that electrify their heating, cooking and transport and have energy efficient homes. Those who remain on fossil fuels will face escalating bills.

The benefits are especially clear for new homes. The Victorian Government outlined the total costs for running a new home on both gas and electricity compared to electricity only and found that the best

[8] AER, Retail energy market performance update for January to March 2026, Quarter 3, 2025–26 | Australian Energy Regulator (AER), Schedule 4.
[9] Ibid.
[10] ECA, Small Business Energy Consumer Survey. We caution that the South Australia results are drawn from a small sample size of 56 South Australian businesses. The number of respondents to individual questions may be smaller still.
[11] Ibid.

decision is clearly to go all-electric.[12] Their analysis showed that the upfront cost of efficient appliances for an all-electric home is comparable to the cost and installation of gas appliances in a new, dual fuel home. But an all-electric home (without rooftop solar) costs $1,000 less annually to operate than a dual fuel home, and those savings increase to more than $2,200 for an all-electric home with solar.[13]

Further ECA analysis specific to South Australia shows that a typical South Australian household that switches from gas to electricity could save roughly $500 per year if it switches in 2026, and around $750 by 2035.[14]

These savings would increase over time, as gas bills become more expensive. While these figures do not account for upfront appliance or disconnection costs, if appliances are replaced at the end of their life, choosing efficient electric alternatives can lock in long term savings. This highlights the need for the South Australian Government to support and incentivise electrification.

See Attachment 4: SA Residential Gas Customers Long term analysis (February 2026)
Available at: Managing the transition from gas for South Australians - new modelling | Energy Consumers Australia

Increasing electrification also increases the need for governments to manage the risks to consumers as the household and small business gas network declines. As household and small business gas use declines and consumers leave the network, the fixed costs of operating and maintaining the network are spread across fewer consumers, increasing costs for the consumers remaining on the network. These costs will disproportionately fall on those who face structural or financial barriers to being able to electrify such as renters or low-income households.

There are significant opportunities for South Australia to better support gas consumers through the transition, including through clear planning for the future of the gas network, support for electrification, and fairly sharing the costs of the transition between consumers, network businesses and government.

Household gas use is declining in South Australia, consistent with the trend in other Australian jurisdictions. The Australian Energy Market Operator forecasts east coast household and commercial gas demand will decline by 79% over the next 20 years.[15]

This transition is already happening. 28% of South Australians say they plan to cancel their mains gas connection within the next 10 years.[16] Over the next five years, Australian Gas Networks (AGN), the South Australian gas network operator, expects household gas demand in South Australia to decline by 21%, and household connections to decline by 2.6%, as consumers embrace electrification.[17]

ECA's modelling on the South Australian gas network highlights the risks to South Australian consumers as the gas network transitions – as well as the significant savings consumers can make through electrification. A typical AGN (SA) residential customer who keeps their gas use constant could see their gas bills rise by 64% over the next decade (from $614 to $1,008) and by 265% by 2050 (to more than $2,200).[18]

[12] Victorian Government, Victoria Gas Substitution Roadmap.
[13] Victorian Government, Department of Energy, Environment and Climate Action, Save with an all-electric home.
[14] ECA and Dynamic Analysis, SA Residential Gas Customers Long term analysis, 11-12.
[15] AEMO, AEMO | Gas Forecasting Data Portal, Step Change scenario.
[16] ECA, Consumer Energy Report Card.
[17] AER, Final decision, Australian Gas Networks (SA) access arrangement 2026 to 2031, 30.
[18] ECA and Dynamic Analysis, SA Residential Gas Customers Long term analysis, 2.

The analysis also shows that current regulatory approaches to addressing these issues are ineffective and unfair to consumers. Gas networks recover the costs associated with their capital investments from consumers over time. As networks face risks of asset stranding, they are seeking to bring forward more costs from consumers today through 'accelerated depreciation'.

In its most recent access arrangement (revenue proposal), AGN (SA) sought to bring forward more than $70 million in accelerated depreciation, with the regulator approving a portion of this ($29 million). Even with this lower amount approved, the distribution component alone for South Australian gas bills will increase on average over the next five years by $26 per year for residential customers ($130 over five years), and $266 per year for small business customers ($1,330 over five years).[19]

ECA's modelling shows that accelerated depreciation has a significant impact on the bills consumers pay today, while making very little difference to the overall financial risk facing the network and the amount consumers will have to pay networks in future.

For example, under the approach proposed by AGN, a typical household would have paid around $170 more over the next five years under AGN's, while the remaining network cost to be recovered would decrease by only about 2.8%.[20] Minimising new discretionary capital expenditure on the network is much more effective at mitigating the risks of stranded assets and increasing consumer costs in future.[21]

The National Gas Rules need to better protect consumers

Recognising these issues, last year ECA proposed a series of changes to gas distribution network rules to better protect consumers in a declining network: Gas distribution network rule changes: what you need to know | Energy Consumers Australia

The four rule changes would:

1. require new customers to pay the upfront costs of connection, instead of these costs being socialised among current gas consumers
2. require gas networks to plan, and provide greater information on, the future of their networks
3. make the use of accelerated depreciation contingent on broader consumer protections
4. introduce new criteria to avoid unnecessary capital spending.

The first of these rule changes was approved by the Australian Energy Market Commission (AEMC) earlier this year, to commence on 1 October 2026. We were disappointed that the South Australian Parliament passed legislation that would defer this rule change.[22]

The rule change, which was widely supported by stakeholders and approved by the AEMC, would have meant connecting customers, including developers, pay upfront for new gas connections instead of these costs being socialised among all gas consumers. This prevents further increases in gas bills for existing gas customers, including those who face barriers to electrification.

This rule change would have prevented $155 million of new connection costs from being added the Regulatory Asset Base. This is the amount AGN sought to connect new customers to its network over

[19] AER, AER releases final decision for Australian Gas Networks' gas access arrangement | Australian Energy Regulator (AER).
[20] Ibid, 2.
[21] See e.g. Turning down the gas: Reducing consumer risk | Energy Consumers Australia.
[22] National Gas (South Australia) (Application of Rules) Amendment Bill 2026.

2026–31 before the connections rule change was made.[23] Instead, it is likely gas consumers will be again asked to pay for these costs due to the derogation. We recommend the South Australian Government avoid this by commencing the rule as soon as practicable.

The remaining three rule changes are being considered by the AEMC through its current Gas Networks in Transition consultation process.[24] We have highlighted our concerns about the AEMC's draft determination, which would provide networks greater scope to bring forward cost recovery from consumers, putting more upward pressure on gas bills.[25] We have made a submission to this process and are engaging further with the AEMC in the lead up to its final determination.[26]

Governments must provide clear policy direction on the future of gas and electrification

Changes to the National Gas Rules alone will not address all the challenges facing consumers in the transition away from gas. More action from government is needed, and many of the key policy levers can only be activated by governments, rather than through the Rules.

This is why we published a report earlier this year – *Power Move: Fair and affordable electrification for Australian households and small businesses* – to outline the key actions needed from governments to ensure consumers are treated fairly as gas networks decline.

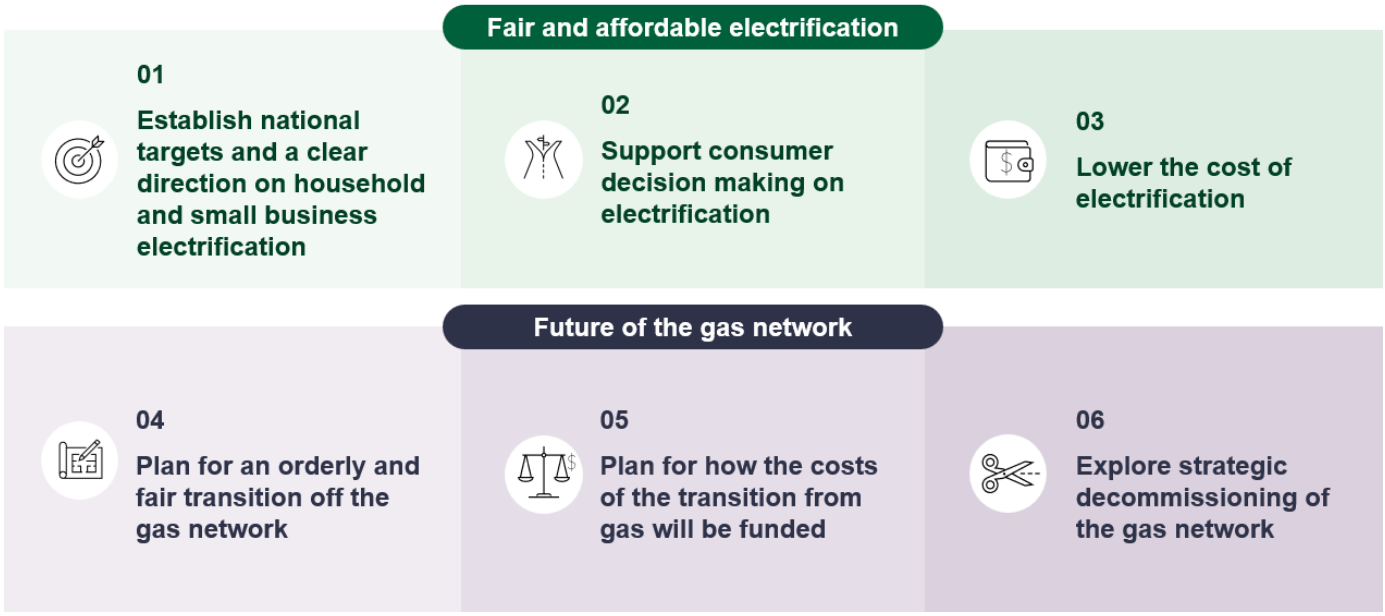
See Attachment 5: Power Move: Fair and affordable electrification for Australian households and small businesses (February 2026)
Available at: Power Move: Fair and affordable electrification for Australian households and small businesses | Energy Consumers Australia

The key recommendations, which are outlined in more detail in the report, include:

1. governments providing clear and ambitious **targets for household and small business electrification**
2. **supporting consumer decision-making on electrification**, including mandating installation of efficient electric appliances at the point of failure, and clear point-of-sale labelling of gas appliances
3. **lowering the cost of electrification** through grants and direct finance options, expanding the Social Housing Performance Initiative, and targeted supports
4. **planning for an orderly and fair transition off the gas network**, including ensuring new builds are all-electric, signalling a clear end date for the household and small business gas network, and supporting consumers who want to disconnect from the network
5. **planning for how the costs of the transition will be funded**, by fairly sharing costs among consumers, network investors and taxpayers, rather than consumers bearing all the costs and risks
6. **exploring strategic decommissioning of parts of the gas network**, which can be more cost-effective than replacing ageing pipelines.

[23] AGN, Final Plan, Five-Year Plan for our South Australian Network, July 2026- June 2031.
[24] AEMC, Gas networks in transition | AEMC.
[25] See e.g. ECA, "Profound disappointment and a step in the wrong direction": Energy Consumers Australia responds to the AEMC's draft determination on Gas Networks in Transition | Energy Consumers Australia.
[26] ECA, Submission to the Australian Energy Market Commission (AEMC) on Gas Networks in Transition Directions Paper | Energy Consumers Australia.

Power Move: Recommendations to government



REPS forms an important part of South Australia's energy strategy

For a decade, the Retailer Energy Productivity Scheme (REPS), South Australia's only large-scale demand-side program, has delivered bill savings, support for vulnerable households and local jobs.

Following a 2025 review, however, the scheme has been weakened. The annual energy savings target was cut from 3.75 million GJ in 2025 to 1.65 million GJ for 2026–2030. The Government is urged to review these targets and, as in comparable inter-state schemes, reinstate annual stepped increases in targets, to ensure continued take-up of cost-effective energy efficiency.

In REPS2, the scheme is less accessible for households; the scheme's residential sub-target is now zero, although a priority-group target of 750,000 GJ a year remains to 2030.[27] The priority-group multipliers, which help ensure that the households most in need of support can take part, should be extended to the end of the scheme (they are currently set to expire at the end of 2027).

The Government can extend REPS to fund deeper upgrades, such as insulation, efficient heating and cooling, appliance replacement and fuel switching and it should reach priority households proactively through trusted community organisations.[28] At present, REPS still provides incentives for gas appliance upgrades and does not prioritise electrification. Funding efficient electric appliances instead would avoid locking households into rising gas costs. Finally, large energy users (designated purchasers) are excluded from funding the scheme, which shifts its costs onto households.

Electrification is an energy security solution across the South Australian economy

Electrification presents an important economic opportunity to ease cost of living pressures, improve business competitiveness and reduce South Australia's reliance on fossil fuels. Australia's final energy

[27] Department for Energy and Mining (2025), *Retailer Energy Productivity Scheme (2026–2030) Issues Paper*.
[28] SACOSS (2025), *Annual Briefing to the Minister for Energy*; COTA SA, submission on the Retailer Energy Productivity Scheme 2026–2030.

mix is around 21.5% today but modelling shows that using technologies around available Australia could increase this to 35% by 2035.

The Institute of Energy Economics and Financial Analysis (IEEFA) has found that electrification is the most promising solution to Australia's long-term resilience to global fossil supply shocks.[29] Many of our energy needs currently reliant on imported oil and gas can already be powered by renewable electricity generated in Australia.

The current fuel crisis illustrates our vulnerability to global crises with high crude oil prices driving up the cost of imported diesel, which accounts for around 90% of diesel used in Australia. Gas prices have not risen as much ($10/GJ) but we are still vulnerable to global prices shocks on the East coast, as demonstrated during the Ukraine crisis in 2022 when prices reached $20-30 / GJ.

Energy Consumers Australia is working with partners on a national campaign to accelerate electrification across all sectors of the economy. *Electrify Australia* is calling on governments to accelerate the deployment of efficient electric appliances, machines and vehicles to support an affordable and security energy future. Fifty-five civil society organisations have signed on to our open letter calling for more action on electrification.

Electricity network and wholesale market reforms can support affordability

Improving utilisation of the electricity distribution network

A large share of distribution network costs is driven by asset replacement, maintenance and connecting new customers, not by how existing customers use electricity. Augmentation spending is driven mainly by forecast growth in peak demand exceeding local capacity.

South Australia's distribution network has substantial spare capacity at peak demand. Analysis by the AER finds that SA Power Network demand was just 58% of total zone substation capacity at the 2025 peak. This is down from a high of 75% in 2009.[30] This suggests that many parts of the network can absorb demand growth without new capacity spending.

Where new load does not add much to peak demand, for example EV charging mostly outside of peak periods, more consumption and more customers spread the network's largely fixed costs over a bigger base, which puts downward pressure on prices. Electrifying transport and gas use can therefore benefit existing customers as well as those who switch. Our Stepping Up Report models these benefits.

Improving network tariff design

Changes to network tariff design can encourage better use of the network. The growing ability of many customers to materially avoid consumption charges means that consumption pricing is likely no longer an equitable or sustainable basis for cost recovery in a high-CER future. Even if customers import less electricity from the grid, they will continue to rely on the network. Moreover, many will reduce imports but increase exports, which still requires use of the network.

Recovering more costs through access charges, while traditionally viewed as regressive, may ultimately provide a more robust and equitable foundation for network revenue. However, any shift from

[29] IEEFA, A perfect storm to boost Australia's energy security | IEEFA.
[30] AER, Operational Performance databook, 2026. Access here.

consumption-based to more fixed charges must be done carefully and ensure vulnerable consumers are not disadvantaged.[31]

The National Electricity Rules (NER) require that distribution network tariffs should be based on long-run marginal costs (LRMC).[32] This is to signal and recover cost networks would need to incur to accommodate demand growth.

If a network priced every service at LRMC, it would fall short of its approved revenue.[33] By nature, electricity networks incur a lot of costs that are not closely related to changes in energy use of existing customers (e.g. replacement and maintenance of poles, connection of new customers, metering, etc).

The difference between regulated revenue and the revenue that would be recovered via LRMC pricing are 'residual costs'. Residual cost recovery is a major driver of network tariff design in the National Electricity Market. This is in part because electricity distribution networks are underutilised in many locations, meaning many areas of the network can accommodate large amounts of demand growth.

Standard theory says residual costs should be recovered in the least distortionary way, so that they don't over-encourage or discourage particular actions. The NER reflect this, requiring tariffs to recover a network's expected revenue in a way that "minimises distortions to the price signals for efficient usage".[34]

SA Power Networks has stated that it recovers most of its residual costs from consumption prices. In the 2025-30 regulatory control period, 73% of residual costs will be recovered from residential customers via usage charges.[35] This practice essentially inflates the cost of running appliances, discouraging energy use even if the cost of providing it is relatively low. Lowering network consumption prices, with more revenue recovered via access charges, designed to protect vulnerable customers, would make electric appliances cheaper to run and support electrification.

Further, recovering residual costs through usage prices rewards households for cutting grid use, but the costs don't go away. They are spread over customers who remain, through higher prices, and that can push more households towards CER. The result is a cross-subsidy from households without CER to those with it.

Network export rewards are also set below network consumption prices.[36] This does not adequately value batteries and VPPs that can relieve network constraints. SA Power Networks should introduce dedicated CER tariffs with time-varying and locational price signals that reward CER for easing constraints where and when they occur. Ausgrid's Project Edith tariff provides a template for how the tariff can be designed.

Ensure wholesale spot prices are efficient

Most of the time, wholesale spot prices in South Australia are low, and often negative during the day. The average is driven up by a small number of extreme price spikes, typically on hot evenings or when interconnection is constrained. From 1 December 2025, to 31 October 2026, the average wholesale spot

[31] See our submission to the AEMC's Pricing Review for further information: Submission to the Australian Energy Market Commission (AEMC) on Electricity pricing for a consumer-driven future draft report | Energy Consumers Australia, p 19ff.
[32] NER, 6.18.5(f).
[33] Brattle Group, Structure of Electricity Distribution Network Tariffs: Recovery of Residual Costs, 2014.
[34] NER, 6.18.5(g).
[35] SA Power Networks, 2025-30 Tariff Structure Statement Explanatory Statement.
[36] AER, Consolidated Stakeholder report, May 2026. Access here.

price in South Australia was $73/MWh (7.3 c/kWh). The median wholesale spot price over that period was $56/MWh.

Occasionally, wholesale spot prices spike very high for short periods. In the same period, 61 intervals (around 5 hours), wholesale spot prices exceeded $10,000/MWh and 26 exceeded $20,000/MWh. Baringa estimates that these rare price spikes can drive over 10% of wholesale electricity costs.[37]

The wholesale market price cap (MPC) sets the limit on wholesale spot prices. In the space of 4 years, the AEMC has increased the MPC by 50% (from $15,500 on 1 July 2022 to $23,200 on 1 July 2026).[38] Estimates by Baringa found that increases to the MPC from 2019 to 2024 increased the total cost of electricity in the NEM by $4.7 billion.[39]

The Electricity Services Entry Mechanism (ESEM) is intended to provide revenue certainty for new investment, which may reduce reliance on scarcity pricing as an investment signal. The AEMC and Reliability Panel should therefore reassess whether the current MPC is still needed at its present level, and should not raise it further.

Affordability pressures put consumers at risk of hardship and disconnection

AER data shows that more customers are falling behind on their energy bills, use of payment plans and hardship programs has grown, and disconnection and credit actions have increased.[40] There were 1,136 residential electricity disconnections in South Australia in Q3 2025-26, an increase of 21% from Q3 2024-25. 36% of South Australian customers who were disconnected with debts had debts of more than $2,500.[41]

ECA's forthcoming report, *Disconnections: Counting the Cost*, finds that disconnecting households from electricity imposes significant costs on society – estimated at $207m per annum across ACT, New South Wales, Queensland, South Australia, Tasmania and Victoria.

Disconnecting customers rarely covers a retailer's costs, resulting in a net financial loss for retailers that is compounded by severe costs to households and government. If disconnections no longer occurred and no additional debt recovery tools were introduced, $186m in costs could be avoided each year. However, avoiding disconnections with no mitigating policies could lead to unintended consequences, including escalating unpaid debt.

Our research concludes that the best way to mitigate escalating debt is to improve affordability and ensure households facing payment difficulties can access affordable and sustainable payment plans:

- Retailers could take action to improve the way they identify and engage with their vulnerable customers, e.g. by improving consistency in the way they apply their hardship policies and using alternative means to find out a customer's ability to pay, other than disconnection.

[37] ECA, Submission to the AEMC and Reliability Panel on the 2026 Reliability Settings Review Issues Paper, 2025. Access here.
[38] See AEMC, AEMC updates market price cap for 2026-27, 2026 and Watt Clarity, Market Price Cap.
[39] ECA, Submission to the AEMC and Reliability Panel on the 2026 Reliability Settings Review Issues Paper, 2025. Access here.
[40] AER, Retail energy market performance update for January to March 2026, Quarter 3, 2025–26 | Australian Energy Regulator (AER), Key Insights, 3.
[41] AER, Retail Quarterly Performance Reporting (Q3 2025-26), Schedule 3.

- Policy makers/regulators could consider what new obligations on retailers are required to improve the effectiveness of payment plans, and assess whether retailers remain best placed to bear the risk of non-payment.
- The most effective ways to improve affordability include increasing home energy efficiency, expanding access to solar power, and promoting efficient electric appliances. Governments should develop targeted programs to ensure vulnerable consumers can benefit from these measures.
- Improved data collection and publication would support greater understanding and measurement of disconnections and its impacts.

ECA also continues to advocate for the introduction of an energy consumer duty: an outcomes-based obligation on energy providers to act to deliver good outcomes for consumers.[42] This would include requirements for retailers to ensure consumers are on suitable energy plans that meet their needs and offer fair value, and to identify and minimise foreseeable harm, such as harms arising from accrual of debt and disconnection. A duty would require energy providers to proactively engage with consumers to support them to manage their energy use and any payment difficulty, rather than only providing the minimum support where required by a specific rule.

Prepayment customers face severe energy insecurity

Prepayment electricity arrangements are used by more than 15,000 households, predominantly First Nations households in remote communities, including in South Australia. Research by Original Power, funded through ECA's grants program, found that prepayment customers are among the world's most energy insecure. These consumers experienced more than 440,000 disconnection events recorded across almost 9,000 households in a single year – or nearly one a week.[43]

We note though that South Australian prepayment customers have a relatively lower (though nonetheless concerning) rate of 14 disconnections per year, compared to 33-59 for WA and NT.[44] Expenditure on electricity for prepayment customers is also substantially lower in South Australia than other prepayment jurisdictions as the tariff is notably lower due to a large subsidy by the South Australian Government.[45]

Under prepayment metering arrangements, electricity is disconnected automatically when credit runs out, exposing households to repeated disconnections without the same debt-based disconnection processes and payment-plan protections available to post-pay customers. Although the National Energy Retail Rules (NERR) establishes specific safeguards for prepayment customers, many affected households are outside the National Energy Consumer Framework (NECF, under which the NERR sits), and protections vary between jurisdictions.

The SA government supplies off-grid communities covered by its Remote Area Energy Supply (RAES) scheme. Mandatory prepayment applies only in the Aboriginal communities within that scheme. RAES

[42] See e.g. ECA, Exploring a consumer duty for Australia's energy market | Energy Consumers Australia; Doing the right thing by consumers – an aspirational utopia or an enforceable duty? | Energy Consumers Australia.
[43] The Right to Power - Keeping First Nations communities on prepayment connected | Energy Consumers Australia.
[44] Ibid, 15.
[45] Ibid, 11, 15.

supplies around 3,400 customers in 13 remote townships and 15 remote Aboriginal Communities.[46] These areas are off-grid and not connected to the National Electricity Market (NEM).

Days and periods of extreme heat are particularly hazardous to human health, especially to very young and older people, and can be common in remote communities across regional South Australia. Disconnections were associated with food spoilage, inability to maintain safe indoor temperatures (especially during extreme heat events), loss of communication services, and risks to health and wellbeing. Disconnections during periods of extreme heat are life threatening public health events that need strong policy intervention. The research also identified significant gaps in consumer protections.

Original Power's report, *The Right to Power*, makes six key recommendations to government and energy providers:

1. Require better reporting by energy retailers, and performance-based monitoring, to achieve meaningful reductions in disconnection events.
2. Adopt clearly defined energy hardship metrics, including an obligation for energy retailers to pro-actively identify and respond to customers in financial hardship.
3. Remove barriers that exclude prepayment customers from accessing, owning and enjoying the full benefits of consumer energy resources (including rooftop solar), energy efficiency and insulation upgrades, and community microgrids.
4. Implement measures to assist vulnerable people during extreme temperatures and other emergency events.
5. Implement national initiatives including a Priority Services Register that improves coordination of targeted support for prepayment and other vulnerable customers.
6. Remove mandated prepayment arrangements and provide prepayment customers with the same consumer protections and choice of energy services that non prepayment meter customers enjoy.

We recommend the Select Committee consider these recommendations and the experiences of prepayment customers in South Australia generally. Though we note the *Right to Power* report acknowledges that, 'South Australia's approach demonstrates a strong model for prepayment supply arrangements combined with the benefits of lower cost, more reliable renewable energy supply for remote communities.'[47]

Data centres must be effectively regulated to manage consumer risks

Finally, we note the Terms of Reference include assessing the impact of emerging high-energy demand industries, including AI data centres and associated digital infrastructure.

Data centre growth presents consumer risks, including to energy affordability, but if well managed, data centres could add value to the network for consumers. We have previously recommended (e.g. to the

[46] Department of Energy & Mining, About RAES | Energy & Mining.
[47] Ibid, 33.

NSW Government)[48] that data centre regulation be developed in accordance with the following principles:

1. Any energy bill increase attributable to data centres must be offset by them.
2. Data centres must pay for the network costs incurred by their connection and network augmentation needs.
3. Data centres must rely on new, additional, renewable generation capacity.
4. Strong energy efficiency requirements must be placed on data centres.
5. Data centres must create net benefits for other consumers, notably by providing grid services.

We consider that these principles establish clear expectations that put household and small business consumers at the centre and unlock the opportunities offered by data centre investment in Australia.

[48] ECA, Submission to NSW Department of Climate Change, Energy, the Environment and Water on Reforming electricity network connection and cost recovery arrangements for data centres in NSW | Energy Consumers Australia.

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