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27 August 2024

Anna Collyer  
Chair  
Australian Energy Market Commission  
GPO Box 2603  
SYDNEY NSW 2001

Dear Ms Collyer

## **Re: Electricity pricing for a consumer-driven future review**

The Australian Energy Regulator (**AER**) welcomes the opportunity to provide a submission in response to the draft Terms of Reference (**ToR**) for the Australian Energy Market Commission's (**AEMC**) Review, *Electricity pricing for a consumer-driven future (the Review)*.

The AER supports the Review, which will consider the important role that electricity pricing, products and services will play in supporting the diverse needs of customers, including delivering the Consumer Energy Resources (**CER**) necessary for the energy transition. We also support the Review's work being centred around the customer and principles focussed. The AER's purpose is to ensure that energy consumers are better off, now and in the future. This is reflected in our strategic objectives, which will guide our input to the Review.

As the energy market is transitioning and with the rising cost of energy bills, many households and businesses are taking steps to shape their own energy futures by adopting innovative ways to reduce their consumption and manage their demand. CER enables consumers to generate or store electricity, while also facilitating active management of their energy consumption. CER, such as rooftop solar, batteries and electric vehicles, will play a valuable role in the energy transition. As the AEMC have noted in the draft ToR, the successful integration and coordination of CER could result in net benefits of between \$1billion and \$6.3 billion by 2030-2040.<sup>1</sup> Therefore it is critical to get the policy settings right to encourage the adoption of CER.

However, consumers who cannot access CER for reasons including that they rent or there exists cost barriers to adoption, should not be neglected during the transition. As such, the AER emphasises the importance of the Review considering a wide spectrum of consumer

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<sup>1</sup> AEMC, *Draft Terms of Reference – Electricity pricing for a consumer driven future*, July 2024, page 2.

preferences, encompassing those who may not be able to access CER. The AER welcomes the AEMC's assessment of how the products, services, and pricing offered by networks and retailers meet consumer preferences now and in the future. Taking this comprehensive approach will ensure that the energy market adequately meets the needs of all consumers and ensures all consumers benefit from the energy transition.

The AER notes the AEMC's acknowledgement of the Review forming part of a broader set of CER reforms, trials and work currently underway, on the horizon or recently completed by the AEMC, other market and government bodies and departments. It is important to ensure consistency and linkages with current workstreams to ensure they are complementary to each other and avoid duplication. In addition to the reforms, trials and work listed in the draft ToR, we encourage the AEMC to take into account the following when undertaking the Review:

- the Australian Government's Department of Climate Change, Energy, the Environment and Water's (DCCEEW) project to define the role of Distributed Network Service Providers (DNSPs) and Distribution System Operators (DSOs)<sup>2</sup>
- DCCEEW's project on consumer protections for future energy services<sup>3</sup>
- the AER's Network Visibility project.<sup>4</sup>

#### Continued engagement

The AER appreciates the opportunity to provide feedback on the draft ToR and is available to discuss our comments further if required. The AER looks forward to continued and collaborative engagement with the AEMC as the Review progresses.

Yours sincerely



Danielle Chifley  
A/General Manager  
Policy Branch

Sent by email on: 27.08.2024

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<sup>2</sup> Department of Climate Change, Energy, the Environment and Water, [National Consumer Energy Resources Roadmap – Powering Decarbonised Homes and Communities](#), July 2024.

<sup>3</sup> Ibid.

<sup>4</sup> Australian Energy Regulator, [Network visibility](#), July 2023.