



21 November 2025

Department of Climate Change, Energy, the Environment and Water  
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Canberra ACT 2601

Via: [dceew.gov.au](http://dceew.gov.au)

### **Solar Sharer Offer (SSO) Consultation Paper 2025-26**

Alinta Energy welcomes the opportunity to respond to the Department of Climate Change, Energy, the Environment and Water's (the Department's) Consultation Paper on the Solar Sharer Offer (SSO).

Whilst we understand the Department's positive intent, Alinta Energy strongly opposes the proposed introduction of the SSO. The proposal represents an unwarranted and unprecedented regulatory intrusion into retail pricing and product design. It would impose significant compliance and implementation costs, ultimately borne by consumers, while distorting the price and investment signals that underpin efficient market operation. In doing so, it is clearly inconsistent with the promotion of efficient investment in, and operation and use of, electricity services for the long-term interests of consumers, as required under the National Energy Objective.

Retail contestability was introduced as part of the landmark microeconomic reforms that underpinned Australia's longest period of sustained economic growth and rising living standards. Those reforms were founded on a simple premise: markets, when well-designed, deliver better outcomes than administrative intervention. Competition has historically driven efficiency, innovation, and responsiveness to consumer preferences. While regulation can play a role in ensuring fairness and stability, prescriptive approaches to product design and pricing risk unintended market distortions and may reduce incentives for innovation.

The rationale for the proposed Solar Sharer Offer appears to rest on an assumption that markets are failing to deliver affordable or innovative products during periods of high solar generation. In fact, the opposite is true. Competitive forces are already producing innovative tariff structures and flexible pricing options that encourage customers to use energy during the middle of the day. Several retailers have voluntarily introduced products offering free or heavily discounted daytime energy, responding directly to wholesale conditions and customer demand.

Importantly, the market response extends beyond tariff innovation to investment in storage. The growing uptake of household batteries, as well as utility-scale storage projects, is already addressing the challenge of excess daytime generation by shifting energy into the evening peak. These developments are progressively flattening the so-called "duck curve" and improving system efficiency without the need for regulatory intervention. In light of these market-led developments, it would be beneficial for regulatory measures to focus on complementing and supporting ongoing industry innovation, rather than duplicating solutions that are already being delivered through technology, investment, and competition.

The proposal would also present significant implementation and ongoing administrative challenges:

### Implementation challenges

The framework outlined in the consultation paper, particularly the indicative obligations in the table on page 29, appears significantly more onerous than existing standing-offer requirements, yet remains vague, undefined and at times contradictory. These obligations would require extensive system, communication and compliance changes, making a 1 July 2026 commencement unrealistic. The nature of the SSO tariff itself, together with the obligations around comparisons, bill messaging and communication requirements, must be clearly defined by the AER well in advance of the Default Market Offer 2026–27 (DMO8). Even with early clarity, implementing the SSO would demand substantial additional resourcing from retailers, adding materially to what is already a heavy annual regulatory workload.

### Ongoing administrative challenges

The lack of clarity around the proposed obligations also makes it difficult to provide detailed feedback and creates uncertainty about the scale of ongoing administrative support required. This uncertainty is heightened by the suggestion in Box 5 (page 29) that additional transparency requirements may apply to potential and actual savings, creating substantial ongoing obligations for retailers. Consumer outcomes will vary widely, as individual responses to price signals differ, and any savings would be difficult to compare transparently with a customer's previous tariff, given changes to both tariff structures and past consumption patterns. Retailers will require certainty well in advance of implementation, as unclear or shifting obligations increase the risk of errors and may undermine customer confidence in both the SSO and the DMO. These obligations would also impose significant administrative costs on retailers year after year.

The treatment of network and market operator charges also raises significant concerns. While retailers would be compelled to provide energy at zero cost, they would still incur regulated network tariffs and market fees for energy supplied during the mandated free period. This creates a structural imbalance in which retailers are required to absorb costs that other market participants remain fully insulated from. If the proposal were to proceed, these charges should be waived for the corresponding period to maintain consistency with the principle of efficient cost recovery and to avoid unfair cross-subsidies between regulated and competitive sectors.

Retail contestability was a central element of Australia's economic transformation, fostering innovation, efficiency, and consumer choice through competitive pressure. It has driven retailers to develop new products, improve service quality, and respond to evolving technologies and customer needs. The proposed measure would depart from these principles and sets a precedent that may risk eroding the competitive framework that has consistently delivered efficient outcomes and long-term benefits for consumers.

While recognising the objectives of the Department, the proposal seeks to solve a problem that is already being addressed through the retail energy market and competitive market offers. The SSO would introduce measures that distort competition and shift costs from regulated entities to retailers and their customers. It replaces market efficiency with regulatory prescription, while key design elements remain vague or undefined, including tariff structure, assumed customer behaviour, and cost-neutrality. Proceeding without resolving these uncertainties would risk unintended consequences, distort the market, and impose higher costs on consumers.

If the proposal were to proceed despite these concerns, a minimum set of design principles would be essential to minimise compliance and establishment costs (ultimately borne by consumers) and reduce the risk of market distortions and customer cross-subsidies:

- **Network tariffs and market operator fees must be waived** for the corresponding free-energy period, to avoid requiring retailers to absorb regulated costs for energy supplied at zero price.
- **The Solar Share Offer should be cost-neutral** with the standard Default Market Offer (DMO) standing offer. Load shifting assumptions applied to determine this cost-neutrality need to be very conservative as the level of consumer response is unknown and will vary for each individual customer.

- **Information and communication obligations should be no more onerous** than those applying to current DMO standing offer requirements
- **A minimum 12-month implementation period is required** from the final decision to update systems, processes, customer materials and assurance frameworks. If obligations are not aligned with existing requirements, further design work, imposing additional delays, will be required.
- **The SSO should be subject to a clear fair-use policy**, consistent with protections already applied to comparable energy products, to prevent excessive or opportunistic consumption, particularly by customers with large battery systems, and ensure costs are shared equitably across all consumers.

Alinta Energy would welcome the opportunity to work with the Department to develop alternative, market-based approaches to address the issues which the Consultation Paper seeks to address.

Yours sincerely

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## **General Comments**

### **1. Impacts on Generation Investment**

The proposed obligation would have far-reaching consequences for investment across all levels of the energy supply chain.

#### *1.1 Impact on Rooftop Solar*

A mandated zero-cost period may reduce incentives for households to invest in rooftop solar. If energy can be obtained for free during the same hours panels generate, the economic rationale for self-generation collapses. Consumers who have already invested in solar could see the value of their systems eroded, while retailers would have little choice but to ascribe zero value to exported generation. Feed-in tariffs would necessarily fall to zero, penalising those who acted in good faith to support the energy transition.

#### *1.2 Impact on Large-Scale Solar*

For utility-scale solar projects, the proposed policy sends a damaging signal to investors. By requiring retailers to supply energy at zero cost during core solar generation hours, it effectively devalues daytime output and undermines confidence in future solar investment. With project economics already marginal, such a measure would make new large-scale developments less attractive and run counter to the Government's broader objective of encouraging renewable generation.

#### *1.3 Impact on Other Generation Types*

The policy would affect the investment outlook for all forms of generation, not just solar. Wind, hydro, gas, and coal generation are required to meet system needs across all hours of the day and throughout the year. By mandating a free-energy period in the middle of the day, the policy distorts wholesale price signals and undermines the commercial viability of generation assets more broadly. This uncertainty would discourage reinvestment in existing plant, delay new investment decisions, and increase financing risk across the sector. Over time, this would raise long-term costs for consumers and weaken the reliability and resilience of the electricity system.

#### *1.4 Unintended Consequences for Decarbonisation*

Within this broader distortion of investment signals, the proposed SSO may also shift relative market dynamics in ways that slow decarbonisation. By encouraging higher daytime consumption and flattening the overall load profile, the SSO could reduce the price variability that currently drives investment in flexible, low-emission generation and storage. A flatter demand curve can improve the economics of baseload generation, particularly coal, by providing a steadier output profile. At the same time, suppressed daytime prices may reduce revenues for renewable generators and weaken the investment case for new zero-emissions projects and storage capacity. The combined effect is a less supportive environment for the technologies needed to accelerate decarbonisation.

### **2. Cost Recovery and Regulatory Alignment**

#### *2.1 Cost Neutrality and Recovery through the DMO*

The policy's design indicates that retailers would be required to bear the full cost of supplying energy during the mandated "free" period, while the accompanying commentary creates uncertainty about how those costs could be recovered. It appears that any offset through higher prices in other periods would be constrained, particularly as the regulated tariff will be set by the AER rather than determined competitively. Maintaining cost neutrality with the DMO would necessarily require some rebalancing of prices across the day, yet it is unclear how this will be achieved or reflected in the regulated structure.

Without a mechanism to maintain cost neutrality, the SSO would create a structural cross-subsidy between regulated products. Retailers would be required to recover the losses incurred under the SSO through other tariffs, effectively shifting costs from participants in the SSO to other customers. Such an arrangement would undermine the integrity of both regulated benchmarks, blur price transparency, and distort the competitive landscape by embedding hidden subsidies within regulated pricing.

## *2.2 Inconsistency with Existing Regulatory and Pricing Frameworks*

The measure is also inconsistent with other elements of the regulatory framework. In jurisdictions such as South Australia and New South Wales, two-way export charges mean that either customers or retailers pay to export energy during the middle of the day. It is illogical to charge for solar exports on one hand while forcing retailers to give that same energy away for free on the other.

Similarly, the DMO methodology deliberately excludes solar generation from the cost stack on the grounds that it does not reflect retailer costs. Yet this proposal would require retailers to bear those costs directly, undermining the integrity of the DMO framework. Over time, as battery adoption grows and daytime surplus energy diminishes, no clarity has been provided on how this “free window” would be adjusted, raising further concerns about regulatory stability and investment confidence.

## *2.3 Network Tariffs and Market Fees*

It is unreasonable to require retailers to supply energy at zero cost while continuing to pay network and other charges on that energy. Wholesale energy typically accounts for around 40 per cent of a customer’s bill, but even during periods of low or negative wholesale prices, retailers continue to incur unavoidable costs. These include network, environmental and market-operator charges that apply regardless of wholesale conditions.

Network use-of-system charges (both distribution and transmission), market-operator fees and other statutory levies would therefore continue to apply even when retailers are compelled to supply energy for free. This creates a clear inequity across the supply chain: retailers, who actively manage market, hedging and customer risk, would remain liable for all associated costs, while network service providers, whose revenues are guaranteed under regulation, would be unaffected and continue to recover their full entitlement. This disparity highlights a fundamental imbalance in the proposal. If retailers are required to bear the financial impact of the free-energy period, it is reasonable that network businesses also contribute by waiving their corresponding charges.

## 3. System Reliability and Market Dynamics

### *3.1 System Reliability and Operational Risk*

Encouraging unlimited consumption during a mandated free-energy period introduces significant operational and system risks. What is efficient on a sunny and windy day is very different from what is efficient on a cloudy and still one. Efficiency in the power system is inherently dynamic: it changes with weather conditions, generation mix, and demand patterns throughout each day and season.

On dull, overcast, or windless winter days, when renewable output is low and demand remains high, the SSO would be incentivising consumption precisely when supply is constrained. This could exacerbate stress on the network, increase reliance on expensive peaking generation, and create conditions for instability or shortfall.

Mandating free energy during the day would also suppress the real-time price signals that normally encourage consumers and market participants to adjust their behaviour in response to system conditions. These price signals are fundamental to efficient dispatch, demand management, and reliability. Removing them risks greater volatility, higher system costs, and weaker incentives for investment in flexible resources such as storage and demand response. It is difficult to reconcile such outcomes with the principles of prudent system operation or the objectives of AEMO’s reliability framework.

### *3.2 Structural Change in the Market: The Diminishing “Duck Curve”*

The policy rationale appears to assume that the current pattern of low daytime demand and steep evening peaks, the so-called “duck curve,” will persist. In reality, this is a transitional phenomenon that is already being addressed by market and technological developments.

The rapid growth of both household and utility-scale batteries is fundamentally reshaping load profiles

across the National Electricity Market. Storage is shifting surplus solar generation from the middle of the day into the evening peak, progressively flattening the curve that this proposal is designed to target. This trend is already clearly observable in Western Australia, where the combined effect of distributed batteries, community batteries, and emerging utility-scale storage has materially reduced the depth of the daytime trough.

Intervening to mandate zero-cost daytime energy is therefore a policy response to yesterday's problem. As the curve flattens, the economic justification for such a measure diminishes, while its unintended consequences become more pronounced. By suppressing legitimate price signals, the proposal would undermine incentives for investment in storage, demand flexibility, and other technologies that contribute to a more efficient and resilient system.

Moreover, all consumers are already benefiting from lower daytime prices as increased solar generation flows through to the wholesale market. Artificially flattening the curve through regulatory design would remove this benefit and, over time, push overall prices higher by constraining the very market forces that are driving efficiency improvements.

### *3.3 Lack of Clarity on Tariff Structure and Customer Response*

A further challenge is the absence of critical detail about how the proposed SSO would operate in practice. The consultation paper provides no clear information on the intended tariff structure, the assumed customer profile, or the expected behavioural response. It is also unclear whether the offer is intended to be cost-neutral relative to the DMO. If it is not, the risk of market distortion would be even greater, as two regulated products could diverge in cost-recovery approach and competitive effect.

The cost of supply is inherently dependent on customer behaviour, and any mandated free-energy window will alter consumption patterns in ways that are difficult to predict. Without clarity on design parameters and modelling assumptions, it is not possible to assess how the SSO would interact with existing DMO settings or ensure that it does not create unintended cost transfers between customers or across the market. Further development of the proposal should be deferred until these matters are clearly defined, transparently modelled, and subject to proper consultation and assessment.

## 4. Implementation and Consumer Impacts

### *4.1 Implementation and Compliance Burden*

Retailers are already managing a substantial volume of concurrent regulatory changes, with numerous reforms currently being implemented or under consideration. These changes impose significant compliance and resource burdens, including:

- The suite of enhanced customer protections made by the AEMC, to be implemented progressively over 2026, including reforms relating to hardship assistance, retail plan transparency, better-off switching, and concession application.
- The Better Energy Customer Experience reforms.
- The Australian Energy Market Commission's Pricing Review for a Consumer-Driven Future.
- Implementation of Stage 1 of the Victorian Essential Services Commission's reforms to the Energy Retail Code of Practice.
- Implementation of the Accelerating Smart Meter Deployment rule change and associated safeguards.
- The AER's review of the minimum disconnection amount.
- Implementation of the AEMC's Unlocking the Benefits of Consumer Energy Resources rule change.
- Implementation of the AEMC's Integrating Price Responsive Resources into the NEM rule change.
- Ongoing changes to the Consumer Data Right.
- Changes to the DMO and the SSO for 2026-27, following the DMO Review and recommendations.

The SSO will add to this unprecedented regulatory burden. Implementing and maintaining this new obligation would require extensive system and process changes. These include creating and managing new tariff structures, modifying best-offer and bill messaging systems, updating digital sales channels

and call centre scripts, training staff, and ensuring ongoing compliance. Each of these activities imposes real cost and operational overhead, diverting investment away from innovation and customer service.

During the annual pricing variation exercise, retailers already face compressed timeframes under the DMO, with staff working extended hours to meet deadlines. Adding a new product category of this complexity, without extending timelines or simplifying existing processes, will exacerbate pressure on resources and increase delivery risk.

It is our view that once the design is settled, retailers would require at least 12 months from a final decision to update systems, processes, customer materials and assurance frameworks

#### *4.2 Implementation Challenges*

The implementation pathway outlined in the consultation paper raises serious practical concerns. The table on page 29 suggests a significantly more onerous communication and notification process than currently exists under the standing offer obligations. However, the drafting is vague and lacks sufficient clarity to determine exactly what would be required of retailers, making it difficult to assess compliance impacts with confidence. If the intent is to introduce additional disclosure, notification or messaging requirements, particularly those extending across multiple channels and customer types, the scale of system and process changes would be substantial. On any reasonable reading, the obligations implied by that table would make a 1 July 2026 commencement date impossible to achieve without risking material non-compliance and consumer confusion. Such consumer confusion will persist, undermining consumer confidence in the SSO unless product comparison requirements are tightly defined and simple to understand. Greater clarity on scope and implementation expectations is essential before any regulatory timetable can be considered credible.

#### *4.3 Equity and Distributional Impacts*

The proposal raises significant concerns about equity and fairness. The benefits of a mandated free-energy period would accrue disproportionately to customers who are able to shift their usage into the middle of the day or who already have battery storage to capture and use “free” energy later. Customers with large batteries could, in effect, avoid paying for much or all their electricity consumption, even though they continue to rely on the shared network and market infrastructure. Meanwhile, customers who are not at home during these hours, or those without access to enabling technologies, would be unable to participate meaningfully and would gain little or no benefit.

The proposal would also disadvantage households that have recently invested in rooftop solar. A likely outcome of mandating zero-cost daytime energy is that solar feed-in tariffs will trend toward zero, as exported energy is effectively re-priced at no value. Households that have made long-term investments in solar would therefore receive little or no return, while those without solar would be able to capture the value of that generation through the SSO. This outcome would penalise those who have supported the energy transition in good faith and undermine confidence in future household investment in distributed energy.

The SSO should, at the very least, be subject to a clear fair use policy to limit excessive or opportunistic consumption. Similar protections already exist for other energy products in the market, and in other sectors, ensuring that participation remains reasonable and that the costs of such offers are not unfairly shifted onto other consumers.

Even with such safeguards in place, inequitable outcomes are inherent to the design of the proposal. The effect would be a redistribution of costs from those with greater capacity to shift or store energy to those without, undermining fairness and social equity. Such outcomes are inconsistent with the National Energy Objective, which requires that the electricity system be operated and regulated in a manner that promotes the long-term interests of consumers.

## Questions for feedback

### Availability of Solar Sharer Offer-type products (Chapter 2)

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 conditions?*

The AER will need to assess a three-hour window that would optimise the objectives of the SSO. However, this period should be consistent across all networks to ensure the SSO is easy for customers to understand, minimise implementation and compliance costs and allow the AER to set consistent corresponding network use of system charges when a distributor's price reset permits. There is a significant risk that during periods of low solar output and dull, windless days, wholesale prices could be driven higher and demands on the distribution networks materially increased as consumption continues absent of excess solar generation.

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)?*

The effectiveness of the SSO should be assessed in terms of whether it delivers a net benefit to consumers, including the full compliance and implementation costs and the impacts on customers who are unable to access or benefit from the free-energy window. This requires examining any redistribution of costs between customer groups and whether the SSO produces sustained bill reductions relative to the DMO once behavioural change and system costs are taken into account. Within this broader assessment, the SSO's contribution to absorbing excess solar PV generation in distribution networks should be considered, rather than simple take-up rates.

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?*

Any benefits from the SSO are likely to depend on the extent to which customers can genuinely shift usage into the zero-cost window. For many households, including those not home during the day or without flexible appliances, these benefits will be limited. Broader system benefits are also uncertain, as behavioural responses are difficult to predict and any cost reductions must still account for the recovery of network, market and environmental charges.

Customers who are not confident in their ability to shift usage into the zero-cost window should not be encouraged to enter the SSO. The key is ensuring customers understand that the SSO must be cost neutral with the DMO and depends on behavioural change to deliver any savings. Allowing customers to easily move back to a market offer or the DMO if the SSO is unsuitable will help mitigate potential risks without placing additional obligations on retailers.

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?*

Customer connection point characteristics may constrain the amount of electricity that can be consumed during the zero-cost window (for example, single-phase connections) and there may be unintended local network constraints that limit the ability of customers in certain feeder or zone-substation areas to benefit from increased daytime usage. More broadly, many customers who are not at home during the day, or who do not have appliances capable of automated or time-shifting consumption, will be unable to take advantage of a daytime free-energy window. These practical constraints mean that a material share of customers will be structurally unable to accrue the intended benefits, even if eligible for the SSO.

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?*

This question is particularly concerning. The SSO must be cost neutral with the default DMO to avoid creating structural cross-subsidies and distorting customer choice. Because retailers still incur network tariffs, market fees, environmental scheme costs and wholesale energy costs during the zero-cost window, these costs must be recovered in the non-zero period. As a result, the SSO standing price

outside the zero-cost window must be higher than the equivalent DMO price. This is essential for two reasons:

- If these costs are not recovered from SSO customers, other customers will inevitably cross-subsidise them; an outcome directly at odds with the DMO's purpose of preventing inappropriate price discrimination.
- If the non-zero period were priced at DMO levels, all customers would rationally switch to the SSO, as it would always be cheaper even without any behavioural change (for example, standby loads would still attract zero cost).

For these reasons, the price outside the zero-cost window must be set to ensure cost neutrality with the DMO, based on realistic assumptions about customer behaviour and usage patterns.

### The case for implementing the SSO (Chapter 3)

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?*

We do not consider that the proposed SSO framework achieves an appropriate balance between affordability, equity and retailer flexibility. Affordability is not assured, as all underlying network, market and wholesale costs must still be recovered and there is no evidence the SSO will deliver a net consumer benefit once compliance and implementation costs are accounted for. The framework also raises equity concerns: many customers who cannot shift usage into the zero-cost window, or who are not home during the day, will be unable to access the benefits yet may still bear higher costs through reallocated recovery. As noted earlier, the wholesale-market impacts are uncertain, and the SSO may distort price signals and affect investment decisions at both the retail and generation levels. At the same time, the SSO would reduce retailer flexibility and weaken incentives for competitive product innovation already emerging in the market. A preferable alternative is to allow retailers to continue developing voluntary daytime-solar products through competition, which better supports affordability, equity and innovation without imposing a regulatory determined tariff structure.

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?*

Resolving jurisdictional issues affecting the operation of the SSO will require engagement with local regulators and state and territory governments, but critically also with energy retailers to minimise divergence in how the SSO is regulated and applied. Jurisdictional consistency is essential to contain compliance and system-implementation costs, ultimately borne by consumers, and to support nationally consistent customer communications, fact sheets and marketing materials. While local regulatory settings will need to be recognised, the design should aim for the highest degree of alignment possible across jurisdictions if the SSO is to gain customer acceptance, minimise cost, and operate coherently within a national retail market.

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?*

As discussed above, the 60–70% of non-energy costs incurred by retailers during the zero-cost usage window must be recovered from SSO customers outside that period; otherwise, non-SSO customers will face higher charges through cross-subsidisation. To support cost neutrality, distributors will need to provide a matching SSO network tariff through their Tariff Structure Statements as part of the price-determination process. Likewise, AEMO will need to establish a mechanism to waive market fees for energy consumed during the zero-cost window.

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?*

Meeting a July 2026 commencement for NECF jurisdictions is highly challenging given the current uncertainty around the Regulations and how the AER will apply them. Retailers require substantial lead

time for IT changes to billing and settlement systems, the development of customer collateral, and training for call-centre and customer-advocacy staff. On this basis, a July 2026 start is unlikely to be achievable. A rushed implementation carries significant risks, including poor customer experience, operational errors and a loss of confidence in the SSO's intended benefits.

For non-NECF jurisdictions, the Department will need to work closely with state governments, regulators and affected stakeholders to ensure the SSO can be implemented in a nationally consistent manner. Jurisdictional divergence would significantly increase system and compliance costs, ultimately borne by consumers, and create ongoing complexity in maintaining and communicating the SSO. The complexity in these jurisdictions will be substantially greater, requiring a longer period for consultation, design and implementation to ensure the framework can operate coherently.

Retailer adaptability would be best supported through a longer and more realistic implementation timeframe. Once the design is settled, retailers will require at least 12 months from the final decision to design, build, test and deploy the necessary system and process changes, and considerably longer if obligations diverge from existing requirements.

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

The SSO, as a regulated price, will detract from innovation in time-based pricing approaches and initiatives already available to consumers. The incentive to invest in innovation and new products and services will be diminished by the introduction of the SSO in two broad ways:

- The resource expenditure and uncertainty around cost recovery, amplified by shrinking wholesale and retail cost allowances through the DMO reforms, impacts the capacity of retailers to invest in innovation.
- The SSO itself must be provided by all retailers. The differentiation of alternative, but similarly structured products may be insufficient for customers to distinguish or identify benefits to encourage them to agree to market-based products that in essence are the same as the SSO. In short, the SSO will have the effect of regulating out market-based alternatives.

*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?*

Customers without batteries are unlikely to realise meaningful benefits from the SSO unless they can shift a reasonable share of their usage into the zero-cost window, which may not be practical for many households. For vulnerable customers, as with all customers, it will be important that the basic features of the SSO are communicated clearly so they understand that higher charges apply outside the zero-cost period. Disengaged customers are unlikely to opt in and therefore will not benefit yet may still be exposed to higher costs to serve or other indirect impacts associated with implementing the SSO. The key consideration is to ensure that the SSO does not inadvertently disadvantage these groups or create avoidable inequities between customers who can and cannot shift load.

*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?*

It is the role of the AER to ensure that retailers can recover the costs associated with the SSO, consistent with its approach to the DMO. In setting the SSO, the AER must have regard to the costs retailers incur during the zero-cost window, including unrecovered network use-of-system charges, market fees, environmental scheme costs and other unavoidable charges. The SSO would be subject to an annual review process, presumably aligned with the DMO cycle. As part of this process, the AER should analyse outcomes and calibrate its settings to ensure costs are fully recovered and that the SSO is meeting its stated objectives.

*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?*

While the SSO may encourage some additional daytime demand, any wholesale-market or system-level

benefits are uncertain and highly dependent on actual behavioural change. More importantly, widespread uptake carries material risks. As noted earlier, administratively setting a zero-cost window may distort wholesale price signals, affect investment decisions in generation and storage, and undermine the market's ability to reflect the true value of daytime energy. These unintended consequences could outweigh any incremental utilisation of excess solar generation. Complementary policies are unlikely to resolve these issues, as the core challenge is the difficulty of predicting and managing behavioural responses to a regulated tariff structure. A competitive, market-led approach to daytime-solar products would better support efficient demand shifting without compromising wholesale market signals or long-term investment incentives.

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

Consumption data and existing AER reporting processes will provide the Department with sufficient information to assess the effectiveness of the SSO. Adding new or expanded reporting obligations would simply increase regulatory burden and, ultimately, costs for all consumers. Any review of the policy should be published, with a clear evaluation of the SSO's costs and benefits.

Objectives and proposed implementation approach (Chapter 4)

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?*

Notwithstanding our opposition to the proposal, if it were to proceed, all authorised retailers should be subject to the same obligations. Energy retailing has very low barriers to entry, as shown by the large number of authorised retailers, and any retailer that chooses to enter the market should comply with the full framework where measures are deemed important enough to be included. Providing exemptions would distort competition by creating uneven obligations and costs between retailers, allowing some to operate at a regulatory advantage without delivering commensurate consumer benefit.

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?*

Determining a zero-charge usage window requires the regulator to assess complex and interdependent market dynamics that are more effectively identified through competitive processes. Predicting how customers will respond to a new regulated tariff adds further uncertainty, as any assessment would rest on behavioural assumptions that have not yet been tested. Without clear insight into these dynamics, it will be difficult to ensure that the SSO remains cost-neutral with the DMO, increasing the risk of unintended cost transfers and market distortion.

Detailed modelling of these interactions should be undertaken and shared with industry for validation to ensure that assumptions and impacts are transparent and credible.

Even with robust modelling, a regulated outcome of this kind carries an inherent risk of distorting efficient price and investment signals. Markets respond dynamically to changing conditions, and fixing elements of tariff design through regulation can unintentionally suppress price information and weaken the competitive forces that drive efficient retail offerings

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?*

If the SSO proceeds, the information-disclosure and consent requirements should mirror the existing DMO/Reference Price regime, with no bespoke SSO add-ons. Even aligning with the DMO framework will involve significant cost, including new product development, collateral, website and digital-channel updates, call-centre scripting, staff training, and assurance processes. Any SSO-specific extras would compound this burden, divert resources from competitive product development, and increase compliance costs ultimately borne by customers.

In relation to the proposed information disclosure and consent requirements, we are unable to assess

their sufficiency, as it is not possible to advise an individual customer whether they would be better off on the SSO; the outcome depends entirely on each customer's behavioural response.

- 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?*

Translating the DMO framework and associated obligations into non-NECF jurisdictions would present significant complexity. Retail arrangements, authorisation requirements and consumer protections differ materially across jurisdictions, meaning that alignment cannot be achieved through minor adaptation. An extensive consultation process with state governments, regulators and retailers would be essential to ensure any design is workable and consistent with existing frameworks. Even once the design is settled, retailers would require at least 12 months from a final decision to update systems, processes, customer materials and assurance frameworks. These changes would be substantially more complex than a standard DMO update, given the variations in jurisdictional regulation and the need for additional system development and testing to ensure national consistency.

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

A comprehensive cost–benefit analysis should be undertaken before any rollout beyond DMO jurisdictions to determine whether the SSO delivers measurable consumer benefit relative to its cost and complexity. Post-implementation, effectiveness should be assessed against clear metrics including overall affordability compared to the DMO, the net cost to retailers and customers, and whether the scheme demonstrably improves equity or consumer empowerment beyond existing market offers. Evaluation should also consider broader market impacts, including effects on wholesale market efficiency, generation investment signals, and the uptake and operation of household and utility-scale batteries. Indicators should test for any distortion of investment incentives or load-shifting behaviour to ensure the measure delivers genuine consumer and system value rather than redistributing costs or displacing private investment.

Customers equipped with timed or smart energy management technologies are more likely to maximise the benefits of the proposed no-charge energy window. However, the majority of consumers without such technology would struggle to adjust their consumption patterns, as achieving sustained behavioural change in energy use is well-documented to be difficult. All customers still contribute toward the overall costs of the energy system. This raises significant concerns that vulnerable and hardship customers, who may lack access to enabling technology or the ability to shift usage effectively, could face disproportionate financial burdens, ultimately making them worse off in a system where cost recovery is spread uniformly despite uneven benefit realisation.

- 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?*

It is unlikely that the SSO will deliver benefits to all consumers evenly. Engaged customers with significant battery storage or an electric vehicle stand to gain the most, with less certain and more modest benefits to customers without CER, who invariably will be lower-income households. The SSO must be designed to be cost neutral relative to the DMO, based on observed customer behavioural change rather than theoretical assumptions. A starting point should be existing competitive market offers that already reflect wholesale and network conditions, rather than introducing an administratively determined structure. The zero-charge usage window should be tightly restricted in duration and scope to minimise distortion of price signals and cross-subsidies between customers. Without these safeguards, the SSO risks undermining efficient market operation and investment incentives while delivering little or no net benefit to consumers.

- 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?*

In calculating the SSO, the AER would need to ensure it aligns with the core policy principles of cost neutrality, transparency, and minimal market distortion. The SSO must remain cost neutral with the

DMO, based on observed rather than assumed customer behaviour, to ensure that neither customers nor retailers are disadvantaged. Continuous monitoring of behavioural change would be required to track whether usage patterns shift costs between customer groups or time periods, with the flexibility to adjust design parameters to preserve neutrality. The design should minimise distortionary impacts on wholesale price signals, network cost recovery, and competitive product offerings, using existing market offers as a realistic benchmark. A transparent methodology for assessing costs and behavioural impacts is essential to maintain regulatory integrity and alignment with the core objective of efficient, evidence-based regulation.