21 November 2025

Retail Market Policy Team
Department of Climate Change, Energy, the Environment and Water
GPO Box 3090 Canberra ACT 2601

By email: SolarSharerOffer@dcceew.gov.au

Dear Retail Market Policy team

Solar Sharer Offer Consultation Paper 2025-26

Energy Trade Pty Ltd (**Energy Locals**) wishes to provide feedback in response to the Solar Sharer Offer Consultation Paper 2025-26 (the **Paper**). We are an embedded network operator with extensive expertise in the implementation and management of embedded networks, which include electricity, gas, hot water, solar PV, electric vehicle charging and battery storage. We recently obtained our own retailer authorisation and have extensive experience as an energy retailer through our connection with Energy Locals Pty Ltd.

We recognise the benefits of incentivising customers to shift energy usage into the middle of the day and, therefore, we support the objectives of the Solar Shaer Offer (**SSO**).

In terms of the options to achieve this shift in energy usage, the SSO is a good idea. In section 2 we will outline the implementation considerations that will make it a sustainable one.

1. **Need for greater data & analysis**

   a) **Lack of Industry consultation**
   We are disappointed that there was no industry consultation prior to the public announcement of the SSO. For the scheme to be effective, it is essential that DCCEEW and the Australian Energy Regulator (**AER**) engage early and consistently with industry stakeholders who they will rely on for a successful implementation. We recognise that the AER may not have been engaged early enough in the process either.

   b) **Insufficient behavioural and usage analysis**
   Broader research is required to substantiate the impact the SSO can have on energy bills and the overall load shape across the National Energy Market. There are a number of general claims made in the Paper including the expectation that the SSO will deliver reductions in evening peak demand, smooth wholesale price volatility and lower the occurrence of negative pricing events.[1] Such claims are ambitious and it remains unclear what analysis has been undertaken regarding consumer behaviour, the drivers of load shifting, and the anticipated consumption patterns that underpin the SSO's expected outcomes.

   In performing such analysis, we encourage the DCCEEW and the AER to publish the impact that the currently available trial network tariffs or free power energy plans have had and whether customers have been better off under these plans (noting such offers may have higher usage rates outside the free window). As noted by Energy Matters in the reference you have provided alongside the AGL example of "Three for Free":

   "Free power sounds tempting, but AGL's midday "Three for Free" plan only works if you can shift usage into those hours—otherwise higher charges could outweigh the savings."[2]

[1] DCCEEW, Solar Sharer Offer Consultation Paper 2025-26, p.19.
[2] https://www.energymatters.com.au/renewable-news/three-hours-free-when-energy-deals-work-and-when-they-dont and DCCEEW, Solar Sharer Offer Consultation Paper 2025-26, p.14.

2. Implementation considerations

Given the extent of the recent political and media attention, we fully expect that the SSO will be implemented. In recognition of this, rather than critiquing it, we will outline the ways in which we believe it can be done in a sustainable manner.

a) Network tariff structure

In practice, the SSO will operate as another form of time-of-use network tariff. It must, therefore, be structured as a network tariff. Under such an approach, we recommend that:

- a new network tariff should be introduced in each DMO region, with a zero-usage rate applied during the designated three-hour window;
- the AER or the networks would be responsible for selecting this window, which should be during the peak period of solar PV exports (for example, between 11am and 3pm). We recognise that the time of the window – i.e. 11am-2pm or 12pm-3pm to keep it simple – may vary by distribution region based on the level of spare solar PV currently being exported.
- Retailers should transition customers who opt into the SSO onto the new network tariff, however, billing should not be required to commence under this tariff until the network has formally moved the customer's network tariff costs.

We encourage DCCEEW to consider the "Daytime Saver Trial" [3] implemented by three Victorian networks – CitiPower, Powercor and United Energy in July 2022 – and any learnings as a guide to inform design.

b) Cost components must be zero during free power window

To ensure the SSO functions as intended, all non-wholesale cost components should also be set to zero during the free power window for customers on the relevant network tariff. This includes environmental scheme charges. It would be unreasonable and even comical to require retailers to provide power at no cost, likely sourced from another customer's rooftop renewable energy system on a clear day, while still expecting retailers to absorb the costs associated with environmental certificates.

In addition, no market fees or AEMO charges should apply within the free power period window. While AEMO may experience a small reduction in revenue, its role will be made easier if the SSO successfully flattens the intraday load curve.

c) Retailers must be able to manage residual wholesale cost risk

Even with the above adjustments, retailers will still face residual wholesale cost exposure. A retailer would either:

- hold a flat hedge and incur losses equivalent to the hedge price multiplied by the customer's usage during the free power window (adjusted for loss factors);
- hold a time-of-use hedge where the free power window will very likely still carry a positive cost rather than zero. In this option the hedge cost for other times of day would be higher; or
- float on the spot market during the free power window, which is neither prudent nor supportive of market stability.

To mitigate these risks, retailers must have the ability to recover or absorb wholesale losses incurred during the free power window by adjusting usage rates at other times of the day.

3. Any application of the SSO to embedded networks requires additional consideration & analysis

Any future application of the SSO to embedded networks (**ENs**) under an expanded DMO framework must reflect the unique operational and contractual characteristics of ENs:

a) Limited hedging options

Retailers serving embedded network customers have constrained hedging flexibility, as they typically rely on commercial and industrial (**C&I**) contracting at the gate meter.

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[3] https://media.powercor.com.au/wp-content/uploads/2022/02/28084617/Residential-Daytime-Saver-Trial-Tariff-factsheet.pdf and the AER State of the energy market 2022 report"https://www.aer.gov.au/system/files/State%20of%20the%20energy%20market%202022%20-%20Full%20report.pdf, p70.

b) **On-site solar**
Although some ENs have rooftop solar systems, most generation is consumed by residents or common-area loads. Many buildings lack adequate roof space or structural capacity to support sufficient PV to deliver the level of benefits envisaged under the SSO.

c) **Network tariffs for ENs**
The same fundamental principles which we outlined above for standard on market customers should apply. Where networks offer C&I tariffs specifically designed for ENs, these tariffs should also be set to zero during the free power window.

Given the distinct operational characteristics of ENs, any extension of the SSO to ENs must not proceed without a dedicated and comprehensive consultation process.

We are happy to discuss this submission with the AER or DCCEEW at any time.

Yours sincerely

Adrian Merrick
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Energy Trade Pty Ltd