TESLA

Tesla Motors Australia, Pty. Ltd.
546 Gardeners Rd
Alexandria NSW 2015

Essential Services Commission
Level 8, 570 Bourke Street
Melbourne VIC 3000

Submitted via: energyreform@esc.vic.gov.au

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RE: Submission to the Essential Services Commission (ESC): Energy Consumer Reforms – Regulatory Impact Statement

Dear Essential Services Commission,

Tesla Motors Australia (Tesla) welcomes the opportunity to provide feedback on the Energy Consumer Reforms proposed in the Regulatory Impact Statement (RIS) released on 16 May 2025.

We support the Commission's commitment to improving affordability and consumer protections, particularly for those experiencing vulnerability. However, as the energy market evolves with increased uptake of consumer energy resources (CER) - including rooftop solar, home batteries, and EVs - it is critical that regulatory reform keeps pace with these shifts. A growing number of households are now active energy participants, not just passive consumers. These customers need regulatory clarity, product comparability, and cost-reflective tariffs that align with their investment and value in supporting the grid.

In addition to improving protections for disengaged customers, this reform package must also account for the new complexities and risks facing CER customers - such as opaque retail contracts for feed-in tariffs, incompatible tariff structures for battery optimisation, and the emergence of orchestration services like virtual power plants (VPPs). These elements remain largely unaddressed in the RIS, and we encourage the Commission to ensure reforms enable, rather than constrain, the continued decarbonisation and digitalisation of Victoria's energy system.

With approximately 600,000 Victorian households hosting rooftop solar, equating to nearly one in four homes, and growing uptake of home batteries and electric vehicles, the energy retail market is rapidly transitioning from a one-way supply model to a two-sided, customer-integrated system. CER are increasingly enrolled in time-of-use tariffs, dynamic export pricing arrangements, and VPP programs. However, many of the proposed reforms in the RIS appear designed around the needs of passive or disengaged energy users and may not account for the operational, financial, and contractual complexity faced by CER customers. Automated best offer switching, for example, could inadvertently move CER customers away from plans optimised for solar self-consumption, battery cycling, or dynamic export incentives, resulting in a net loss of value. Similarly, comparisons based solely on consumption data risk overlooking feed-in tariffs, VPP participation payments, or demand response compatibility.

Internationally, regulators are already adapting to these complexities. In the United Kingdom, Ofgem's Future Energy Retail Market Review has acknowledged the need for new forms of energy services regulation that reflect the role of customers as active market participants, not just recipients of supply.[1] In the United States, the California Public Utilities Commission has mandated tariff designs and consumer disclosures that preserve CER value and protect customers enrolled in demand response or VPP-like programs.[2] These examples highlight the importance of updating consumer protection frameworks to reflect the two-way nature of modern energy systems. We urge the ESC to adopt a similar lens, ensuring CER customers are not inadvertently disadvantaged by reforms designed without their operational context in mind.

We support streamlined, consumer-centric regulation that reduces unnecessary compliance costs and enables market innovation. Many of the proposed reforms will help simplify energy decision-making and remove friction for disengaged or vulnerable customers. However, Victoria's regulatory approach must also accommodate the growing diversity of customer needs, including those with CER.

Retailers need regulatory certainty and the flexibility to offer differentiated services to different customer segments - particularly as the energy transition accelerates and households adopt solar, batteries and EVs. Without reforms that anticipate the complexity of participation, we risk stalling innovation, limiting cost savings, and undermining trust in CER-related services.

Sincerely

Energy Policy team

[1] Ofgem (2023). *Future of Energy Retail Market – Summary of Responses and Next Steps.* Retrieved from: https://www.ofgem.gov.uk

[2] California Public Utilities Commission (2022). *Customer Energy Resource Valuation and Consumer Protections in Demand Side Programs.* Retrieved from: https://www.cpuc.ca.gov

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Specific Feedback

1. Automatic Best Offer for Customers in Payment Difficulty

The proposal to automatically switch eligible customers to the best available offer aims to protect disengaged or vulnerable customers from overpaying for energy. While we support the intention, we caution that an automatic switch may not always be in the best interest of customers who own CER, particularly those enrolled in VPPs or using time-varying tariffs optimised for solar and storage. For example, some CER customers may be on non-standard plans that include premium feed-in tariffs, controlled load charges for EV charging, or participation payments for battery dispatch events. A "lowest cost" best offer based on past consumption may overlook the embedded value in these products or disrupt optimised behaviour.

We recommend the ESC require retailers to consider CER-specific contract features (such as feed-in rates, export limits, or smart device integration) in best offer comparisons and to clearly communicate any trade-offs before an automatic switch occurs. Internationally, Ofgem in the UK has faced similar challenges, and has required that "best offer" notifications distinguish between flat-rate tariffs and more complex dynamic time-of-use or export-based plans.

2. Improving Access to Cheaper Offers

We generally support the intent eliminating artificial restrictions - such as mandatory direct debit or e-billing - as conditions for accessing the most competitive retail plans. However, consideration should be given to smaller retailers who often utilise small points of difference as massive cost saving measures to be able to offer innovative and price competitive offers. So, while this is a fair and inclusive reform, the ESC should consider the unintended impacts it is creating.

Additionally, CER customers often face additional exclusions from fully utilising their assets with competitive offers based on their generation or export status. We encourage the ESC to clarify in the final reforms that there may be additional measures for CER customers to ensure that they are not having their CER unnecessarily being restricted by DNSPs due to conservative connection requirements.

3. Improving the Ability to Switch to the Best Offer

We support the goal of making it easier for customers to switch to their retailer's best offer, particularly for those who face digital or language barriers. But for CER households, the challenge is often less about switching logistics and more about information asymmetry. Victorian Energy Compare already offers comparison services for customers; however, the ESC should focus efforts to strengthen the service. As well as consider how this information could be given to customers via in-app experiences. This is especially pertinent for new market entrants who look to manage cost and complexity to create new offers to the market.

Most best offer tools do not take into account solar production profiles, battery discharge schedules, or dynamic export control policies. As a result, a switch that appears to save money on paper may erode CER value in practice - such as lower feed-in payments or the loss of access to orchestration benefits.

To ensure switching delivers true value, retailers should be required to disclose whether a plan is optimised for CER customers and include estimates that reflect export values or time-of-use responsiveness. We encourage the ESC to consider building on the AEMC's recent consultation on CER product information disclosures and to coordinate future reforms to reduce confusion for customers navigating multi-layered CER contracts.

4. Protections for Customers Paying Higher Prices

We support stronger safeguards for customers who remain on legacy contracts with poor value but again urge the ESC to consider how these reforms interact with CER customer behaviours. Many CER customers remain on grandfathered feed-in tariffs or tariff structures that provide stability for their CER investment return.

Automatically moving these customers to a newer plan deemed to be "more reasonable" on the surface could result in bill shock - particularly if they lose premium export rates or are switched to flat rates that disincentivise load shifting. We recommend that "reasonableness" be assessed in a way that accounts for the holistic financial value of a CER plan, including export compensation, incentives, or embedded services. This could be supported through a CER-specific best offer standard, as is being explored by Ofgem in the UK's Future Retail Market workstream.

5. Improving the Application of Concessions on Bills

Improving access to concessions is particularly important as CER uptake grows among low-income households via government incentive programs. Customers receiving concessions and owning CERs may face dual complexity: navigating energy bills while also interpreting the performance of their CER systems. We support efforts to increase proactive concession validation but suggest that any process changes must be compatible with multi-party billing arrangements that are emerging in the CER space (e.g. VPPs issuing performance payments, embedded networks with solar exports managed by third parties).

We also encourage data-sharing reforms that could support auto-enrolment or pre-filled concession status - something successfully piloted in Texas where concession eligibility is verified through linkages to social assistance data. We understand that this was work being explored via the Energy Bill Relief program – this work should continue regardless of the status of the ongoing funding of that benefit.

6. Extending Protections for Customers on Legacy Contracts

We support the proposal to bring legacy contracts into line with modern protections but note that many legacy CER customers retain favourable terms that could be inadvertently removed. For instance, customers who installed solar under early premium schemes may have locked in export rates or plan conditions that remain beneficial, even if the base tariff appears uncompetitive.

Any obligation to review or migrate legacy contracts must include an exception pathway or consumer opt-in process where it can be shown the customer is materially better off under their current plan. The reform should focus on contracts that are clearly exploitative or where benefits have expired - without unnecessarily penalising engaged CER customers who made decisions in good faith under earlier frameworks.

7. Improving Awareness of Independent Dispute Resolution Services

We support mandating the inclusion of EWOV contact information on the front of bills. This low-cost reform has value for CER customers, who often encounter complex billing or technical disputes involving solar generation, battery integration, or VPP participation. Improved awareness of independent support will empower customers navigating these multifaceted issues. However, consideration must be given to complexity in the current bill makeup and the ESC should provide adequate time for retailers to adjust their systems.

Implementation and Cost Considerations

Many CER customers already experience regulatory complexity - from navigating feed-in tariffs and dynamic exports to understanding orchestration terms and battery incentives. Adding overlapping or inconsistent consumer protections could make the customer experience even more fragmented.

Implementation of these reforms must be staged and coordinated with parallel national work programs (such as the ECMC's CER Roadmap, AEMC Pricing Review, DCCEEW Better Energy Customer Experience's work) to avoid layering complexity. Retailers and aggregators will need time to align systems and customer messaging across billing, solar metering, export pricing and CER orchestration services.

We commend the ESC's continued leadership in strengthening consumer protections in Victoria's energy market. However, we urge a stronger integration of CER-specific considerations throughout the final reform package. Without this lens, the reforms risk creating unintended barriers for CER participation or reducing the value of clean energy investments made by households.

Victoria is a national leader in CER adoption, and its regulatory framework should reflect this reality - enabling participation, protecting value, and building trust. We would welcome the opportunity to collaborate further on implementation design and CER-aware consumer safeguards.