

Ms. Electra Pappas  
Acting Branch Head  
Electricity Markets  
Commonwealth Department of Climate Change, Energy, the Environment and Water  
GPO Box 3090  
Canberra ACT 2601

**Lodged via email**

28 November 2025

Dear Ms. Pappas

**Subject: Supplementary Submission on the Proposed Solar Sharer Offer (SSO)**

The Australian Energy Council (**AEC**) welcomes the opportunity to provide a supplementary submission to the Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) on the proposed Solar Sharer Offer (**SSO**).

The AEC is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. Our members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation, supporting the transition to a net-zero economy.

This document follows our primary submission lodged on 21 November 2025 and reflects further consultation with our retail members regarding the operational feasibility and regulatory design of the SSO. The following submissions are focused on consolidating AEC members' views, to provide unified feedback to DCCEEW.

While the AEC supports the transition to a decarbonised energy system, our members have identified tensions between the proposed implementation timeframe of 1 July 2026 and the complexity of fitting a niche, behaviour-based product into the existing safety net framework of the Default Market Offer (**DMO**).

The central tension identified by the group is the conflict between the tight implementation timeframe and the complexity of fitting a niche, behaviour-based product (being the SSO) into the existing "safety net" framework of the DMO. There is concern that without careful regulatory design, the SSO could create financial cross-subsidies, risk voltage drops and expose retailers to compliance risks regarding "Better Offer" calculations. Discussion themes are explained in further detail below.

**1. Regulatory Design: Principles and Cost Recovery**

As detailed in our initial submission, the current SSO proposal risks creating a structural revenue shortfall. Following further review, the AEC submits that while regulations should remain principles-based rather than prescriptive, they must explicitly guide the Australian Energy Regulator (**AER**) away from standard DMO methodologies for the SSO.

The AER's standard methodology relies on broad average usage profiles. Our members have expressed concern that the AER might default to using standard DMO methodology to price the SSO and rely upon broad usage profiles to do so. Because the SSO is a unique product designed for high midday usage, we

recommend that regulations require the AER to define a specific "SSO Representative Customer" with a unique load profile rather than relying on general averages. To be clear, the representative customer created for the purposes of the DMO price determination should not be the same representative customers as that for the SSO.

There is consensus that regulations must explicitly require efficient cost recovery. Member retailers will incur costs during the "free energy" window (e.g., network charges, hedging costs) that they would be mandated to give away for \$0 pursuant to the SSO. The regulations should clarify that these costs are recoverable in the tariffs applied to other times of the day, to prevent cost misalignment. We also submit that regulations ought to specify that the SSO design is such that it does not result in the creation of cross-subsidies: ensuring that the costs of the SSO are not spread across all standing and market offer customers.

## 2. Policy Objective and Eligibility Criteria

Discussion centred on defining the purpose of the SSO in the regulations to prevent inequitable outcomes. If the objective is simply "load shifting" (physics), the product becomes attractive to wealthy customers with large batteries who can charge for free at noon and discharge later. This creates a cross-subsidy where lower-income customers (who cannot load shift) effectively subsidise the free energy absorbed by battery owners.

Members considered that the regulatory objective should be explicitly social/equity-based, targeting non-CER customers such as renters and apartment dwellers. This objective would enable consideration by the AER of the implications of battery owners as eligible participants. The objective could be framed as delivering the benefits of solar to people who have barriers to owning their own assets.

It was also noted that there is a fundamental conflict in listing the SSO as a "Standing Offer," which has historically served as a passive safety net for disengaged customers. The SSO, by contrast, is a dynamic product requiring active behavioural change (shifting usage to midday). Defaulting disengaged customers onto the SSO creates a risk that they will fail to shift their load, resulting in higher bills.

If a customer is placed on the SSO but fails to change their habits, they could end up paying significantly more than on a standard plan. The consensus was that regulations should mandate that eligibility criteria exist (to protect the product intent), while delegating the specific definition of those criteria (e.g., battery exclusions or daily kWh caps) to the AER's discretion in their development of relevant guidance.

## 3. Exclusion of Controlled Load

The group reached a consensus that controlled load (dedicated circuits for hot water, slab heating, etc.) should be excluded from the SSO free energy blocks. The inclusion of controlled load in the SSO presents the following risks:

- **Financial:** Retailers are mandated to provide energy between 11am – 2pm for free (\$0). However, retailers are often still charged network tariffs for delivering that energy. If energy-hungry devices like hot water systems are allowed to run uncapped during this window, retailers could face large network costs with zero revenue to cover them. This would necessitate raising prices on standard usage, creating an unfair cross-subsidy.

- **Network Stability:** There are concerns regarding network stability. Most controlled load appliances operate on "dumb" timers. If the offer launches with a free window starting at 11am, millions of devices would likely turn on simultaneously at that exact second. That instantaneous spike in demand could cause a sharp voltage drop, potentially impacting upon user experience or tripping safety relays.

Controlled load could potentially be feasible for inclusion in the future only if meters are reprogrammed to stagger start times (e.g., between 11:00 and 11:30am) to smooth the load spike and with concurrent network tariff reform. Tariffs would also need to be amended to align with the offer (i.e., the network charges the retailer \$0 during the solar window).

#### 4. Consumer Protections and Information Requirements

Members consider that the information needs of customers for the SSO product is a design aspect of the SSO. Further exploration is needed about what this information needs to be, including whether Energy Consumers Australia should be its priority vehicle for delivery.

Consumer protections for the SSO should be developed as part of the Better Energy Customer Experiences reform process and should not be considered separately, to enable holistic consideration of the range of products and services that customers can access and their impacts.

#### 5. Implementation Risks (1st July / DMO 8)

The operational feasibility of a 1st 1 July 2026 launch is a key area of concern for members, particularly regarding consumer protection obligations.

Members noted that it is unfeasible to perform "Better Offer" checks (telling a customer they would save money on the SSO) by 1st July 2026. The reasoning behind this is that calculating savings requires predicting future behaviour. Using past usage data is misleading for this product because the customer must change their behaviour to save money. If a retailer tells a customer "You will save \$50" based on past data, but the customer does not shift their load, the customer will pay more, and the retailer could be liable for misleading conduct. To mitigate the described risks, the group prefers an "opt-in" model. There should be no obligation to actively market or sell the product; the onus should remain on the customer to seek it out. It was suggested by one member that for the first year (DMO 8), the SSO obligations should be legally defined as "transitory," potentially applying only to existing Standing Offer customers to limit the initial scope and risk.

Based on the meeting, the AEC's joint position could be summarised as:

- Regulations must ensure cost recovery explicitly in the text;
- controlled load must be excluded to prevent financial loss and physical grid instability;
- eligibility criteria should be required in the regulations, with the AER determining the specific criteria;
- any "Better Offer" calculation obligations must be removed for the 1st July 2026 launch, due to the inability to model behavioural change accurately; and
- the policy objective should be defined as supporting non-CER customers (equity) and should be in the regulations.

Please do not hesitate to contact Jo De Silva, GM Retail Policy at [jo.desilva@energycouncil.com.au](mailto:jo.desilva@energycouncil.com.au) or by telephone on 0406 950 726 if you wish to discuss this submission further.

Yours sincerely,

***Jo De Silva***

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General Manager Retail Policy