



Australian Government

Department of Climate Change, Energy,
the Environment and Water

OPTIONS TO PROVIDE SOLAR SHARER OFFER

Impact Analysis

Department of Climate Change, Energy, the Environment and Water

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Executive Summary

Australia has experienced one of the world’s most rapid and widespread uptake of residential rooftop solar photovoltaic (PV) systems. Approximately one in three households now hosts a solar installation, resulting in over 4 million small-scale systems and more than 3.51 GW¹ of total distributed capacity. This growing penetration of consumer energy resources (CER) has materially altered electricity demand patterns across the National Electricity Market (NEM), particularly reducing midday grid consumption and increasing instances of very low or negative wholesale prices during daylight hours

While the benefits of rooftop solar and related technologies are well established, access to these benefits remains uneven. Renters, low-income households and apartment dwellers who typically cannot install rooftop solar PV or battery storage receive limited benefit from very low wholesale prices that occur during periods of abundant solar generation. These households also face weak or unclear price signals that would otherwise encourage shifting electricity use into lower-cost daytime periods.

Despite the availability of low-cost energy during solar-rich hours, retail standing offers generally provide limited and inconsistent incentives for households without solar or storage to adjust their consumption patterns. As a result, demand remains concentrated in evening peak periods, which are typically more costly and emissions-intensive, while extremely low daytime demand can also create operational challenges for the electricity system.

Voluntary ‘Free Power’ or zero-cost usage window offers have emerged in some jurisdictions as a way to reward daytime consumption, but their inconsistent design, eligibility constraints and opaque pricing outside the free periods can expose customers to higher overall costs and limit equitable access to the benefits of abundant daytime solar generation.

In this context, the Australian Government proposes the Solar Sharer Offer (SSO) — a regulated residential tariff that includes a defined zero-cost electricity usage window during solar-abundant hours. The SSO is intended to be implemented as a new standing offer tariff under the Default Market Offer (DMO) framework, initially in DMO jurisdictions with future extension nationally. By providing a standardised, transparent and equitable tariff option, the SSO aims to broaden access to the benefits of CER; encourage load shifting away from peak evening demand; enhance system efficiency; and support affordability and consumer engagement in the energy transition.

Following public consultation² (76 submissions)³ and the Government’s SSO Outcomes Paper⁴, this Impact Analysis (IA) assesses the case for intervention, evaluates options, and recommends a preferred approach for implementation through the 2026–27 DMO determination process administered by the Australian Energy Regulator (AER).

Preferred approach:

- Mandate a regulated SSO standing offer for residential customers in DMO jurisdictions, requiring a consecutive three-hour daily free power period, with timing set by the AER as per the distribution network area of the DMO regions to align with solar/wholesale/network conditions, and set efficient cost recovery parameters each DMO cycle.
- Initial coverage in DMO jurisdictions with 1st July 2026 commencement, supported by AER’s 2026–27 DMO determination. Targeted national engagement and potential extension would follow.

¹ [Australia reaches 4 million small-scale renewable energy installations - CER](#)

² [SSO Consultation paper](#)

³ [Submissions to the consultation paper](#)

⁴ [Solar Sharer Offer consultation outcomes paper](#)

- Regulated SSO via the DMO framework with DNSP specific windows, a 24 kWh/day reasonable use cap, opt in participation, retailer exemption for small retailers (<1,000 customers), and a formal post implementation review within two years.
- Retain full National Energy Customer Framework (NECF) consumer protections, alongside enhanced disclosure and suitability messaging to support informed uptake.

Key positive impacts (high level):

- **Households:** bill savings for customers who can shift load into the free period; distribution of benefits improves equity for households without CER.
- **Retailers:** new pricing obligation with material wholesale and network exposure during the free period, mitigated through localised timing, reasonable-use caps, and cost-recovery settings in the DMO framework.
- **Networks and the system:** improved utilisation of daytime solar, potential reduction in operational challenges linked to very low daytime demand; risks of local congestion managed through flexible timing and monitoring.
- **Government and regulators:** AER rule-setting, ACCC monitoring and compliance effort; one-off implementation and ongoing evaluation costs.

Key negative impacts (high level):

- **Households:** higher bills if customers are unable to shift load and residual costs are recovered outside the free window. There is also a risk of confusion or bill shock if pricing structures are not clearly understood, particularly for renters and low-income households.
- **Retailers:** potential material wholesale and network cost exposure during the free period, alongside implementation, billing system and compliance costs. Smaller retailers may be disproportionately affected if uptake is uneven or cost-recovery settings are not well calibrated.
- **Networks and the system:** high or synchronised uptake could create localised midday demand spikes, reduce load diversity, and undermine existing controlled load arrangements used for demand management. Without flexible timing and monitoring, these effects could introduce operational and congestion risks.
- **Government and regulators:** Implementation will require increased rule-setting, compliance oversight and monitoring effort from the AER and ACCC. There are also policy and political risk if unintended distributional impacts emerge or if reform timelines intersect with other major market changes.

Recent volatility in wholesale energy markets has placed upward pressure on electricity prices⁵. The Government is seeking to moderate the impacts of this volatility by supporting policy measures that improve system efficiency and enable consumers to access lower-cost energy where it is available. The SSO has been developed as a targeted response to enable households to benefit from periods of high solar generation and low wholesale prices, while supporting more efficient utilisation of existing generation and network infrastructure.

The SSO is intended to:

- place downward pressure on consumer electricity bills by enabling households to shift consumption to lower-cost periods.

⁵ [Australian Energy Regulator \(AER\), State of the Energy Market Report, notes that recent volatility in wholesale energy markets has contributed to upward pressure on electricity prices.](#)

- improve utilisation of excess midday solar generation;
- reduce system peak demand pressures over time; and
- support more efficient market outcomes by aligning consumption with periods of lower supply costs.

In assessing the SSO design and implementation options, the Government has sought to ensure that the policy:

- maintains incentives for ongoing investment in generation, storage and retail innovation;
- supports reliable, secure and affordable electricity supply;
- remains simple and transparent for consumers;
- minimises unintended consequences across the National Electricity Market;
- can be adjusted following implementation based on observed market outcomes; and
- minimises implementation costs and complexity for industry.

These objectives are reflected in the SSO design principles, which guide the detailed implementation of the program. In particular, the design principles emphasise alignment with system and market conditions to promote efficient outcomes; reasonable-use safeguards to ensure equity and prevent unintended cost shifting; flexibility to account for local network and market conditions; preservation of retail competition and consumer choice; and the ability to refine program settings over time through monitoring and post-implementation review.

The policy options considered through this Impact Analysis were developed through consultation within government and targeted engagement with regulators, market bodies, states and jurisdictions, retailers and networks. The recommended approach reflects the option that best balances consumer affordability, system efficiency, implementation feasibility and market integrity.

While the SSO is designed to deliver near-term bill relief, it also complements broader government initiatives supporting Australia's transition to a renewable-based electricity system. These include reforms aimed at improving demand flexibility, supporting distributed energy resources, and strengthening market dynamics to place sustained downward pressure on electricity prices as the energy transition progresses.

What is the problem you are trying to solve?

Overview of the Problem

Australia's rapid uptake of rooftop solar is materially reshaping electricity demand and price outcomes in the NEM. During periods of high solar generation, wholesale prices are increasingly very low or negative. However, many households particularly renters, apartment dwellers and those without CER — are unable to directly benefit from this renewable energy surplus

At the same time, electricity demand remains concentrated in the evening, when solar generation declines and system costs are higher and more emissions intensive. These structural dynamics are producing:

- Increasing midday minimum-demand events.
- Steep evening ramps requiring peaking generation.
- Reduced network utilisation during daylight hours; and
- Persistent affordability pressures for households unable to shift load or invest in CER

The problem is therefore three-fold:

1. **Access inequity:** any households cannot access the financial benefits of abundant daytime solar generation. Households without CER remain reliant on grid-supplied electricity during peak periods and cannot arbitrage between low and high price intervals
2. **System inefficiency:** Retail tariffs do not consistently incentivise demand to align with low-cost solar output. Existing time-of-use and retailer-led “solar sponge” products are uneven across jurisdictions and retailers, vary in timing and eligibility, and are often complex to compare. As a result, price signals are fragmented and do not drive meaningful, coordinated demand shifting.
3. **Cost-of-living pressures:** Households continue to face sustained energy affordability challenges. While short-term relief measures have provided support, they do not enable consumers to directly benefit from low wholesale price periods. Without reform, there is a missed opportunity for households to benefit from Australia's energy transition.

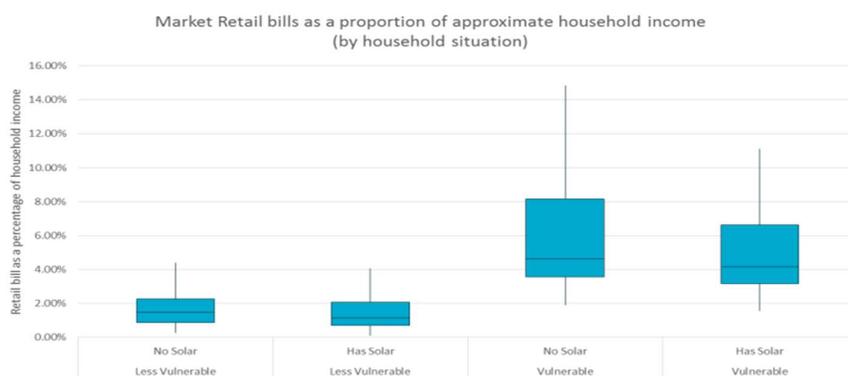
Equity and distributional impacts

Without targeted policy intervention, the financial and system benefits associated with abundant daytime solar generation are increasingly concentrated among households with the means to invest in CER, such as rooftop solar, batteries and electric vehicles. These households are able to reduce grid consumption during higher-priced periods, store energy when it is cheap, and shield themselves from evolving system cost structures.

In contrast, households without CER face barriers to participation. As rooftop solar reduces grid demand during the day, a greater proportion of network and system costs must be recovered from remaining consumption, often outside solar-rich hours when non-CER households rely most heavily on the grid. These dynamic risks increase the relative burden on households unable to access distributed generation or storage.

CSIRO's residential electricity tariff analysis indicates that vulnerability is more likely among very low-income households, renters, apartment dwellers, larger households and older occupants — groups that are also less likely to access CER and therefore less able to respond to emerging price signals.

Figure 1: Distribution of estimated (market offer) retail bills as a proportion of household income for consumers in different household situation



If no intervention occurs, these costs are likely to be passed through disproportionately to households that remain dependent on grid-supplied electricity during peak periods, most of whom are households without CER. These risks reinforce a cycle in which those least able to invest in energy technologies bear a growing share of system costs, exacerbating affordability pressures over time.

Network and System impacts

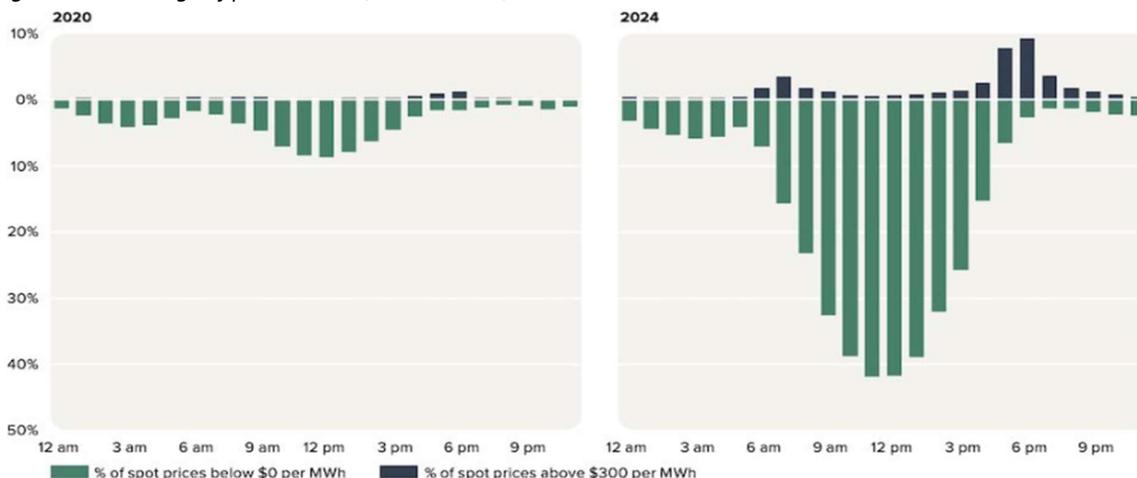
The rapid expansion of rooftop solar is materially reshaping demand and price patterns in the NEM. AEMO reports increasingly frequent minimum-demand events in the middle of the day, driven by high rooftop solar output suppressing operational demand (AEMO, *Electricity Statement of Opportunities; Integrated System Plan*)⁶. At the same time, wholesale prices are more frequently very low or negative during solar-abundant periods, while late-afternoon and evening peaks remain high-priced and emissions-intensive (AER, *State of the Energy Market 2024*)⁷. This widening divergence between midday oversupply and evening peak demand increases price volatility and reliance on fast-start generation such as gas peakers, which are typically higher cost and higher emissions.

At the same time, electricity demand remains concentrated in the evening, when solar generation declines and system costs are higher. These evening peaks are typically more expensive and emissions-intensive to supply. Conversely, very low daytime demand can create operational challenges for the power system, including reduced utilisation of generation and network assets and increased complexity in maintaining system stability.

⁶ [Electricity Statement of Opportunities; Integrated System Plan](#)

⁷ [State of the energy market 2024.pdf](#)

Figure 2: Percentage of prices below \$0 MWh and \$300 MWh.



Note: The upward y-axis shows, for each hour of the day in the chosen year, the percentage of 5-minute prices across all NEM regions that were greater than \$300 per MWh. The downward y-axis similarly shows the percentage of prices that were below \$0 per MWh. Prices were not settled in 5-minute intervals until October 2021, although prior to this dispatch was determined on a 5-minute basis using 5-minute prices. The figure presents outcomes in NEM time (Australian Eastern Standard Time).

Source: AER; AEMO (data).

The widespread uptake of rooftop solar has therefore had a significant impact on the shape of demand in the NEM. Between 2019 and 2024, electricity demand during the middle of the day declined substantially, largely driven by increased rooftop solar generation. One of the most notable outcomes has been a sharp reduction in daytime wholesale electricity prices, as illustrated in Figure 1, which shows the increasing proportion of prices below \$0/MWh alongside periods of high-price events. According to the AER⁸, 27 per cent of customers export to the grid, representing roughly 10 per cent of energy delivered by distribution networks in 2023–24. Most of this generation occurs in the middle of the day, when system demand is lowest.

Taken together, these trends highlight a clear opportunity: Australia is producing a growing volume of clean, low-cost solar energy during the day, but many households cannot access it, while the system simultaneously faces evening supply pressures and operational risks. An SSO product that incentivises consumers to shift usage into high-solar periods can help address both challenges — improving access and affordability for households while supporting system efficiency, stability and reliability.

Structural Disconnect Between Wholesale and Retail Price Signals

While wholesale electricity prices in the NEM are increasingly very low or negative during solar-abundant midday periods, these price signals are not automatically transmitted to most retail consumers. AEMO's Electricity Statement of Opportunities and Integrated System Plan document the growing frequency of minimum demand events and negative wholesale pricing during high rooftop solar output periods. Similarly, the AER's *State of the Energy Market* reports highlight the increasing proportion of negative and near-zero wholesale price intervals in recent years.

Retail electricity pricing structures do not directly mirror short-term wholesale price movements. Retailers hedge a substantial portion of their wholesale exposure in advance through forward contracts, power purchase agreements and other financial instruments to manage price volatility and ensure bill stability. As a result, spot market price volatility is largely managed within retailers' hedging and portfolio management strategies rather than passed through dynamically to consumers. Retail tariffs must recover not only wholesale energy costs but also network charges, environmental scheme costs, retail operating

⁸ [AER State of the Energy Market 2025 Full Report](#).

costs and risk margins. The primary function of a retailer is to therefore manage these costs and risks for customers to provide price certainty and stability.

Although Australia is producing increasing volumes of very low-cost renewable electricity during the middle of the day, most households particularly those without rooftop solar, batteries or dynamic retail contracts do not receive a clear price signal that reflects this abundance. While there are some limited examples of retailers innovating to provide free power period tariffs in the market – reflecting the opportunity to pass on value to consumers of Australia’s abundant solar generation – the pace at which this innovation occurring, and the incentive to develop products for households without rooftop solar and batteries, is lagging.

This disconnect between wholesale market conditions and retail price signals contributes to continued concentration of demand in higher-cost evening periods and limits equitable access to the benefits of Australia’s growing renewable generation fleet.

Current market design impact

Existing retail offers (including Time-of-Use and “solar sponge” type products) are uneven across regions and retailers and can be complex for consumers to compare. Their timing, duration, eligibility criteria and cost-recovery mechanisms differ markedly between retailers and regions. This fragmentation creates inconsistency and consumer confusion, with many households — especially those on standing offers — receiving weak, unclear or no midday price signals at all. As a result, current tariff structures do not drive meaningful demand shifting into periods when solar output is highest.

This absence of clear incentives contributes to several system-level and consumer-level problems:

- **Inequitable access to solar benefits:** households without rooftop solar miss out on the financial advantages of abundant daytime renewable generation, reinforcing existing energy inequities.
- **Misalignment between demand and renewable supply:** daytime demand remains artificially low despite low system costs, while evening peaks remain high-priced and emissions-intensive.
- **Operational and network challenges:** low midday demand increases the risk of minimum-demand events, reduces utilisation of network assets and can contribute to voltage management issues in distribution networks.
- **Consumer confusion and risk:** inconsistent market-led free-power-period offers place the burden of comparison on consumers, who may face higher bills if unable to shift their usage or understand complex terms.

Why do existing Legislative and Regulatory Framework does not address all the issues above?

Several legislative and regulatory mechanisms already operate within the electricity market that partially address elements of this problem.

Default Market Offer (DMO)

Under the *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019*, the AER determines the DMO⁹. The DMO:

- Acts as a regulated price cap for standing offer customers.

⁹ [Default market Offer](#)

- Provides a transparent reference price for market offers; and
- Is enforced by the AER through monitoring, compliance and civil penalty provisions.

While the DMO provides an important consumer protection mechanism, it does not mandate or standardise the types of standing offers that a retailer must offer, including solar-aligned tariff structures. It ensures price comparability and safety-net protections but does not directly address demand misalignment or solar access inequities.

Smart Meter Reforms

The Australian Energy Market Commission (AEMC)¹⁰ has introduced reforms to achieve universal access to smart meters by 2030. These reforms enable time-of-use pricing and more sophisticated retail tariff design. However, they do not require retailers to provide consistent solar-aligned products.

Retailer-led “Free Period” Products

Some retailers have introduced voluntary “free power period” or “solar sponge” offers. These products are enforced through standard retail law and consumer protections. However, as TOU tariff market offers, the design of these plans varies across retailers and states, including differences in the timing and length of the free window, eligibility requirements, and how costs are recovered outside the free period (usually through higher usage or fixed charges). These are competitive, non-standardised offers where retailers retain flexibility over terms, conditions, and pricing subject to requirements under general and energy-specific consumer protection frameworks.

Key examples of market offered FPP products include:

- **AGL “Three for Free”** – 3 free hours daily (10am–1pm). Savings (~\$800/yr) require shifting ~5 kWh/day into the free window.¹¹
- **OVO “Free 3”** – 3 free hours daily (11am–2pm) across NSW, Qld, SA, Vic. Marketed for daytime users or automated appliances.¹²
- **Red Energy “Red EV Saver”** – 4 free weekend hours (12–2pm Sat/Sun) marketed for EV charging and chores, with higher weekday charges.
- **Synergy Midday Saver (Time of Use Tariff)** – “Super Off Peak” period from 9 am to 3 pm, an “Off Peak” period from 9 pm to 9 am, and a “Peak” period from 3 pm to 9 pm, with the highest rates during peak times.
- **GloBird** – offers free power during a “Free Lunch” period from 12 PM to 2 PM daily and a “ZeroHero” period of 11 AM to 2 PM for eligible homes with a battery.¹³

Current Government Measures

In the recent years, the Australian Government has introduced targeted measures to ease near-term energy cost pressures, including the Energy Bill Relief Fund (EBRF)¹⁴. Recognising ongoing household affordability challenges, the EBRF was extended from 1 July 2025 to 31 December 2025.

While the EBRF reduced immediate bill pressures, it does not address the structural mismatch between renewable generation and consumption patterns. There is a clear opportunity to introduce reforms that

¹⁰ [Accelerating Smart Meter reforms](#)

¹¹ [Three Hours Free: When Energy Deals Work and When They Don't.](#)

¹² [The Free 3 plan — OVO Energy.](#)

¹³ [2 hours Free Electricity every day | GloBird Energy.](#)

¹⁴ [Energy Bill Relief Fund](#)

leverage market characteristics to deliver enduring affordability outcomes through improved market design.

In short, the current retail pricing landscape and current policies do not provide a simple, trusted, or standardised mechanism for households to align their electricity use with periods of solar abundance. This weakens the ability of some consumer cohorts to manage energy affordability and improve system-wide efficiency.

Addressing this problem requires a consistent, regulated tariff structure that delivers a clear zero-cost (or very low-cost) midday usage window, enabling households, regardless of solar or battery ownership — to benefit directly from high solar generation while supporting improved utilisation of renewable energy and reducing system costs.

Why is Government action needed?

As rooftop solar penetration accelerates, the mismatch between wholesale market conditions and retail price signals may worsen without intervention. The market is not providing equitable access to daytime solar benefits, nor is it delivering the efficient demand shaping required to manage system challenges associated with minimum demand and renewable variability. Voluntary retailer led tariffs cannot deliver the consistency, consumer protections, or systemwide benefits achievable through a regulated SSO shaping required to manage system challenges associated with minimum demand and renewable variability. Voluntary retailer led tariffs cannot deliver the consistency, consumer protections, or systemwide benefits achievable through a regulated SSO.

A government mandated, regulated SSO is therefore necessary to:

- ensure all households and not just CER owners can benefit from abundant daytime renewable generation.
- provide households with options to manage electricity bills.
- align retail price signals with system needs; and
- reduce long-term costs by improving utilisation of network and generation assets.

Why Government Intervention is legitimate and necessary

Government intervention is justified where market outcomes fail to deliver efficient, equitable or socially desirable results. In the case of solar-aligned retail tariffs, several features of the electricity market indicate that purely voluntary, market-led solutions are unlikely to resolve the identified problem.

1. Market failure – Information asymmetry and consumer complexity

Retail electricity products are inherently complex. Consumers face significant information asymmetry when assessing tariff structures, time windows, cost recovery mechanisms and behavioural requirements. Consultation confirmed that existing “free period” products vary widely in design and transparency, limiting comparability and informed decision-making.

Where consumer confusion inhibits efficient behavioural response, price signals alone may not produce socially optimal outcomes. A regulated benchmark product reduces this asymmetry and strengthens consumer confidence.

2. Equity and distributional concerns

The current trajectory of the market concentrates benefits among households able to invest in CER, while non-CER households remain exposed to evening peak costs. Absent intervention, this dynamic risks reinforcing inequities and increasing long-term affordability pressures for renters, low-income households and apartment dwellers.

Addressing structural distributional effects is a legitimate public policy objective. Government intervention is appropriate where equity impacts are persistent and unlikely to self-correct through competition alone.

3. System externalities

Electricity consumption patterns impose system-wide costs and benefits that are not fully internalised in individual retail decisions. Low midday demand increases minimum-demand risks and curtailment, while steep evening ramps increase reliance on peaking generation and system management costs. Individual retailers may not have sufficient incentive to design products that optimise system-wide efficiency where

benefits accrue broadly across the market. Coordinated regulatory settings are therefore justified to better align incentives with system needs.

4. Limits of voluntary approaches

While retailer-led solar-aligned products are emerging, consultation and market evidence demonstrate that:

- Availability is uneven across jurisdictions;
- Designs vary significantly;
- Uptake remains limited, and;
- Consumer protects are inconsistent.

Without regulatory standardisation, progress is likely to be incremental and fragmented. This undermines the scale required to materially address minimum demand and equity challenges.

Government capacity to intervene successfully

The Commonwealth has the regulatory architecture in place to implement SSO effectively. *The Competition and Consumer (Industry Code- Electricity retail) Regulations 2019* already establish the framework for prescribing standing offer requirements under the DMO. Embedding the SSO within this existing structure avoids the need to create a new regulatory regime and leverages established price-setting, consultation processes administered by the AER as well as compliance and enforcement of the regulations by the ACCC.

The AER has a demonstrated capability in determining annual DMO price caps, undertaking detailed cost modelling, consulting with stakeholders and enforcing retailer compliance through monitoring and civil penalty provisions. The ACCC, responsible for compliance and enforcement of the code since its introduction in 2019, has established processes and capability to support implementation and enforcement activities.

Importantly, market conditions are conducive to intervention. The accelerated rollout of smart meters, existing retailer experience with time-of-use and “free period” products, and mature wholesale market transparency provide the technical and operational foundations necessary to support a regulated solar-aligned tariff. The proposed design also incorporates safeguards such as opt-in participation, reasonable-use caps, DNSP-specific timing flexibility and a formal post-implementation review ensuring that implementation is proportionate, adaptive and responsive to emerging risks.

Together these factors provide a regulatory landscape that Government not only has a legitimate basis to intervene but also offer practical capabilities and tools to do so successfully with established regulatory mechanisms and work towards the core objectives of SSO.

Objectives of the SSO

The SSO framework aims to deliver on core objectives of affordability, equity, and transparency. In developing the SSO reforms, the Government is guided by three key policy objectives:

Engage and empower consumers in the energy transition

Encourage behavioural change and ensure all Australian households benefit from Australia’s transition to renewable energy generation. Consumers should be rewarded for shifting usage, which builds trust and engagement with energy providers and the broader transition. It can also enhance household affordability and consumer choice by providing bill savings to those without rooftop solar and batteries.

Shift consumer demand away from peak periods — delivering savings for all consumers

The SSO reforms seek to establish strong, visible price signals that empower households to actively manage their energy use. Consumers are incentivised to run appliances like dishwashers, washing machines, or charge EVs during those times. This will reduce pressure on the grid during high-demand times (typically late afternoon and evening).

This helps flatten the demand curve, reducing the need for expensive peaking generation while improving system security and degreasing risk management (hedging) costs for retailers. It can also delay or reduce the need for costly electricity grid upgrades, improving grid reliability and efficiency. All these impacts ultimately flow to lower costs for consumers.

Absorb excess renewable generation

Encourages consumption in the middle of the day which helps soak up excess solar, effectively replacing more costly gas and other generation in the evening with cheaper excess renewable energy. This reduces inefficient curtailment of renewable electricity and supports higher penetration of solar in the grid and ultimately works to lower costs for all consumers.

Possible constraints or barriers to achieving the objectives

While the SSO seeks to improve equity, affordability and system efficiency, the principal constraint to achieving these objectives is consumer uptake. The effectiveness of policy depends on a sufficient number of households opting into the tariff and actively shifting consumption into the designated free period. Consumer uptake and behavioural response are influenced by several factors that sit partly outside the direct control of the regulatory framework. They are:

1. **Behaviour and practical capacity to shift load:** Not all households have flexible demand, automated appliances, or work-from-home arrangements that enable meaningful load shifting. Households with inflexible usage patterns may see limited benefit and therefore be less likely to participate.
2. **Consumer awareness and understanding:** Complexity of tariff structures, perceived bill shock risk, or limited engagement with energy pricing may reduce uptake, even where potential savings exist.
3. **Smart meter availability and technical readiness:** Participation requires compatible metering and billing systems. Delays in smart meter rollout, particularly in apartments or legacy dwellings, may constrain equitable access.
4. **Cost transparency issues:** Households may be cautious about opting into a new tariff if the savings are uncertain or if higher charges apply outside the free window.
5. **Distributional calibration and public confidence:** If early implementation results in perceived cross-subsidies or unintended bill impacts, confidence and participation could be affected.

Accordingly, while the regulatory framework can establish safeguards, disclosure requirements and cost-recovery settings, the ultimate success of the SSO will depend significantly on consumer engagement and behavioural response. This introduces an implementation risk that must be managed through clear communication and disclosure, transparent tariff design and ongoing progress review.

How will success be measured?

To ensure the SSO remains effective and responsive to these evolving market dynamics, the department will conduct a post-implementation review to ensure the SSO remains fit for purpose and is achieving its

key objective of supporting households reduce their bills and improving overall system efficiency. This post-implementation review would be undertaken no later than 2 years after the SSO's commencement.

What factors will merit SSO a success?

Table 1: Factors that could merit the SSO a success?

Policy Objective	Success Factor	Measurable Indicator	Indicative Target (2-year horizon)	Data Source
Affordability	Deliver bill savings to households able to shift load	Average annual bill change for participating households	Positive net savings for majority of participants	Where attributable: Household electricity cost data (ABS data), AER market monitoring data, ACCC Pricing Inquiry data.
Equity	Extend benefits to households without CER	Share of SSO participants without rooftop solar	A proportion of participants are non-solar households	Where attributable: AER market monitoring data, ACCC Pricing Inquiry data.
Demand Shifting	Shift consumption into solar-abundant window	Average % load shifted into SSO window	Increased load shift among participants compared to the status quo.	Where attributable: AEMO market data and reports
System Efficiency	Improve utilisation of daytime solar	Change in midday demand during high solar intervals	Measurable increase in daytime grid demand relative to counterfactual	Where attributable: AEMO market data and reports
Implementation & Governance	Effective rollout and transparency	Completion of Post-Implementation Review (PIR)	PIR completed within 24 months of commencement	Department

What policy options are you considering and what is the net benefits of each option?

In responding to the identified problem namely, that existing retail electricity tariffs do not provide clear, consistent or equitable incentives for households to shift electricity use into solar-abundant, low-cost periods—the Government has considered three policy options in detail. These options differ in the degree of regulatory intervention, expected consumer uptake, cost-recovery implications, and capacity to deliver equitable access to the benefits of abundant daytime solar generation.

Consistent with best-practice regulatory analysis, this IA considers:

- **Option A0:** the status quo or market-led approach
- **Option A1:** a regulated Free Power Period (FPP) standing offer—equivalent to the Solar Sharer Offer
- **Option A2:** Voluntary industry-led code or guidance framework (non-mandated standardised FPP design)

These options reflect feedback received through consultation, detailed in the SSO Outcomes Paper, and align with COAG/OIA guidance on exploring the minimum level of effective intervention.

Option A0: Market Offer–Led Approach (Baseline)

Under this option, government would take no regulatory action. Retailers would continue to innovate voluntarily with Time-of-Use (ToU) tariffs, solar-soaking offers, and discretionary free-period products, but without standardisation, guardrails, or consumer protections beyond existing frameworks. Consumers remain reliant on market comparison tools and their own capacity to assess tariff suitability.

Rationale for considering this option

The status quo is a necessary baseline, allowing assessment of the marginal costs and benefits of government intervention. It aligns with regulatory principles that seek to avoid intervention unless market failure is evident.

Key features of Option A0

- No regulated FPP or standing offer.
- Retailers may continue offering voluntary free-period or “solar sponge” tariffs.
- Timing, design, eligibility and price signals remain retailer-determined.
- No additional consumer safeguards, disclosures or cost-recovery rules.
- Continued inconsistency in tariff structures across jurisdictions

Net Benefits

- Zero regulatory cost and low implementation burden.
- Maximum retailer flexibility and scope for continued innovation.
- Avoids imposing obligations on smaller retailers or those without ToU infrastructure

Table 2: Net Benefit Assessment, Option A0: Market Offer–Led Approach (Baseline)

Legend  = Strong positive / Low risk  = Mixed / Moderate  = Weak / Limited benefit		
Impact Category	Net Benefit Rating	Explanation
Economic		Minimal structural bill savings: benefits limited to engaged or CER households; no material improvement in system efficiency.
Competition		Preserves full flexibility and innovation; however, product complexity reduces effective comparability and informed competition.
Social / Distributional		Equity gap persists; renters and low-income households unlikely to benefit; affordability pressures remain unaddressed.
Environmental / System		Limited demand shifting; continued curtailment and minimum-demand events; evening ramp pressures remain.
Regulatory Burden		No additional compliance or implementation costs.
Overall Net Benefit	 Low–Moderate	Low regulatory cost but fails to address the core structural problem.

Under the status quo, regulatory burden remains minimal and retailers retain full flexibility to innovate. However, benefits are likely to remain uneven and concentrated among engaged or CER-enabled households. Existing voluntary offers vary significantly in availability and design, limiting comparability and weakening the strength of solar-aligned price signals.

This option does little to address structural inequities or system misalignment. Minimum-demand events, renewable curtailment and evening peak pressures are likely to persist, and affordability pressures for non-CER households remain largely unaddressed.

While economically low risk from a regulatory perspective, the overall net benefit is limited because it does not materially resolve the core problem of inequitable access to solar abundance or system inefficiency.

Key Issues with option A0

While a market-led approach preserves flexibility and allows retailers to innovate in response to commercial incentives, market research indicates that relying solely on voluntary market offers is unlikely to deliver consistent or system-wide outcomes aligned with broader energy transition objectives.

Retail innovation in tariff design has occurred, particularly through Time-of-Use (TOU), demand-based, and “free power” or solar-soaking offers. However, uptake of these products has been limited and uneven across customer segments and jurisdictions. These offers typically require a high degree of consumer engagement, understanding of tariff structures, and access to enabling technologies such as smart meters or automated appliances. As a result, participation tends to be concentrated among more informed or higher-income consumers.

In addition, market offers vary significantly in structure, eligibility requirements, and pricing design. Differences in contract terms, conditional discounts, and bundled pricing make comparison difficult for consumers and limit effective competition on tariff design. This complexity reduces consumer confidence and increases the likelihood that customers remain on legacy or suboptimal tariff structures even where lower-cost consumption opportunities exist.

From a system perspective, voluntary tariff innovation has not yet delivered price signals at sufficient scale to materially influence aggregate demand patterns. As rooftop solar penetration continues to

increase, the absence of consistent daytime price signals risks ongoing underutilisation of renewable generation and continued reliance on high-cost evening peak supply.

Furthermore, households without access to distributed energy resources (DER)—including renters, apartment residents, and lower-income households—remain disadvantaged under a purely market-led approach. These customers are less likely to access innovative offers or benefit from existing solar-driven market dynamics, reinforcing existing distributional inequities within the energy system.

Risks and Limitations

- **Slow uptake:** Evidence from existing innovative retail products suggests that adoption is gradual and concentrated among highly engaged consumers. Behavioural barriers, limited awareness, and perceived complexity reduce participation rates. As a result, system-wide demand shifting occurs slowly and may be insufficient to address emerging minimum demand and peak pricing challenges.
- a. **Poor comparability:** Market offers incorporating solar soak or free-period structures often differ in duration, eligibility conditions, usage thresholds, and pricing outside the designated window. This variability limits transparency and makes it difficult for consumers to determine whether they will be better off overall. Increased complexity may discourage switching and reduce competitive pressure on retailers to improve offer design.
- b. **Fragmentation:** Tariff innovation has developed inconsistently across regions and retailers, reflecting differences in network tariff structures, smart meter penetration, and commercial strategies. This fragmentation creates unequal access to lower-cost energy opportunities and risks entrenching geographic inequities in customer outcomes.
- c. **Weak incentives:** because voluntary offers are not universally available and often apply to a limited subset of customers, price signals during solar-abundant periods remain weak at a system level. Without broader participation, the market-led approach may fail to materially shift aggregate demand toward periods of high renewable generation, limiting system efficiency gains.
- d. **Equity gap:** Customers without rooftop solar, batteries, or the ability to actively manage demand continue to face relatively higher effective electricity costs, as they are less able to benefit from low wholesale prices during solar-rich periods. Under a purely market-led framework, tariff innovation increasingly favours households with enabling technologies such as batteries and electric vehicles (EVs), which allow consumers to shift or store energy in response to price signals. These households are better positioned to maximise the value of free or low-cost daytime electricity and avoid higher-cost evening consumption, meaning a disproportionate share of the financial benefits associated with solar-driven pricing dynamics may accrue to higher-income households more likely to own such technologies. Over time, these risks widening affordability and equity gaps between DER-enabled and non-DER households.

Overall assessment is that the status quo fails to meet government objectives for affordability, equity, transparency, and system efficiency. It is unlikely to materially improve consumer outcomes or reduce system costs over time.

Option A1 – Regulated Solar Sharer Offer through the DMO framework

Under this option, the government introduces a regulated SSO standing offer to be initially introduced for residential customers in DMO jurisdictions, under the *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* (the Electricity Retail Code). Under this new standing offer tariff customers would receive a defined 3-hour period each day during which electricity consumption is priced at \$0 per kilowatt hour.

The AER would set key parameters annually, including;

1. determine the SSO tariff structure as part of the DMO process; and
2. set the 3-hour free-power period for each distribution network area, considering wholesale market, solar, and network conditions
3. the timing is consistent within each local distribution network area in a jurisdiction;
4. cost-recovery settings through DMO prices, and
5. caps on peak and shoulder usage rates, fixed charges, and cost recovery differentials.

Rationale for considering this option

A regulated Free-Power-Period (FPP) offer directly addresses growing concerns in the market that consumers currently lack access to standardised, safe and equitable price signals that reflect periods of highest solar availability. Consultation and analysis show that voluntary, retailer-designed free-period or solar-soaking offers are inconsistent, difficult to compare, and unevenly accessible, limiting their effectiveness and exposing some customers to the risk of unintended bill outcomes.

Introducing a regulated offer fills this gap by establishing a minimum, trusted product that is available to all households with smart meters, underpinned by strong consumer protections and AER-determined settings that ensure customers who shift load are better off overall. This provides a consistent mechanism for households—particularly those without solar or other CER to access the benefits of abundant daytime renewable generation in a safe, transparent and equitable way.

Key features of Option A1

Key design features include:

- **Zero-cost consumption window:** A three-hour period each day during which electricity consumption is priced at \$0 per kilowatt-hour.
- **Timing of the FPP:** Determined annually by the AER for each distribution network area, aligned with periods of high rooftop solar output, low wholesale electricity prices, and supportive network conditions.
- **Participation model:** Opt-in, ensuring households can choose whether to participate based on suitability and capacity to shift load.
- **Reasonable-use threshold:** A daily cap of 24 kWh per household, reflecting typical consumption for a five-person household, to limit disproportionate use by CER-enabled customers.
- **Retailer exemptions:** Retailers with fewer than 1,000 customers are exempt from mandatory participation.
- **Consumer protections:** Full application of the National Energy Customer Framework (NECF) and Electricity Retail Code, with the ACCC responsible for enforcement.

- **Cost recovery and market oversight:** The AER determines non-free-period tariff rates to allow efficient cost recovery and publishes the SSO parameters in the annual DMO process.
- **Post-implementation review:** Mandatory review two years after implementation to assess uptake, bill impacts, distributional effects, system efficiency, and adequacy of safeguards.

How the design principles guide this option

- Principle 1 (Bill savings): ensures consumers who shift load are better off overall.
- Principle 2 (System efficiency): aligns the free-power window with low-cost periods.
- Principle 3 (Local flexibility): AER sets timing for each distribution zone.
- Principle 4 (Retailer viability): provides efficient cost-recovery settings.
- Principle 5 (Reasonable use cap): prevents misuse and protects equity.
- Principle 6 (Adaptability): enables refinement over time.

Some of the expected benefits of SSO are:

- Bill savings and lower electricity prices for all households:** SSO would contribute to easing current cost of living pressures. Potential benefits for households may vary by jurisdiction, CER uptake, the ability of customers to load-shift and energy consumption levels. A shift in energy usage to the free power period away from higher-cost peak and shoulder periods could also result in lower electricity bills for all households. For example:

Table 3: Load Shift Scenario

Load Shift Scenario	Approximate Share of Daily Consumption Shifted	Representative Single-Person Household	Representative Five-Person Household
Small Shift	~10%	~\$150 per year	~\$400 per year
Moderate Shift	~20%	~\$300 per year	~\$500–\$700 per year
Major Shift	~25–30%	~\$400 per year	~\$800–\$1,100 per year

- Support equality and inclusion:** Provides a tangible mechanism for renters, apartment dwellers, and low-income households to benefit from daytime solar generation.
- Empower households to manage their energy use:** Establishes strong, visible price signals that empower households to actively manage their energy use.
- Support renewable investment:** By shifting demand into midday solar-abundant hours, the SSO improves utilisation of renewable generation, reduces curtailment, and stabilises minimum demand allowing more renewable energy to enter the grid.
- Reduce network costs:** Increased daytime utilisation of existing infrastructure improves asset efficiency and may defer or avoid future peak demand–driven network investment.
- Improve system efficiency:** Encourages demand-shifting into solar-abundant hours, reducing curtailment, easing evening peak demand and prices, and improving utilisation of network and generation infrastructure.
- Improve market confidence:** Embedding SSO within the DMO framework ensures comparability, consistent communication, and clear reference pricing which should enhance consumers’

confidence in taking up market offers that incentivise shifting consumption to periods of high solar generation.

Table 4: Net Benefit Assessment, Option A1 – Regulated Solar Sharer Offer through the DMO framework

Impact Category	Net Benefit Rating	Explanation
Economic	●	Material bill savings for load-shifting households; improved wholesale efficiency; moderate implementation costs.
Competition	●	Establishes benchmark improving comparability while preserving market offers; minor compliance impact.
Social / Distributional	●	Expands access for non-CER households; opt-in and reasonable-use cap reduce harm risk.
Environmental / System	●	Improved renewable utilisation; reduced curtailment; potential moderation of evening peak pressures.
Regulatory Burden	●	Moderate implementation and compliance costs, proportionate and manageable within existing DMO framework.
Overall Net Benefit	●	Delivers strongest structural alignment between affordability, equity and system efficiency objectives.

The regulated SSO delivers the strongest structural response to the identified problem. It provides predictable access to a solar-aligned pricing window for eligible households, improves comparability through the DMO framework, and supports more efficient utilisation of renewable generation.

Although implementation imposes moderate compliance and system configuration costs on larger retailers, these costs are proportionate and manageable within the existing DMO regulatory architecture. Design safeguards — including opt-in participation, a reasonable-use cap and DNSP-specific timing flexibility — mitigate key risks identified in consultation.

On balance, Option A1 delivers the highest net benefit by materially improving equity, strengthening system efficiency and maintaining regulatory feasibility, while preserving scope for ongoing retail innovation. However, there are risks associated with these options. These risks and mitigations to those are discussed in detail below in *table 5*.

Table 5: Consideration of risks and mitigations with option A1

While Option A1 is intended to improve equity, system efficiency and consumer access to the benefits of daytime renewable generation, stakeholder feedback and departmental analysis identify a number of implementation and design risks that require careful management to ensure the policy delivers its intended outcomes.

Stakeholder consultation indicated broad support for the objective of sharing the benefits of abundant solar generation and improving demand smoothing. However, submissions noted that outcomes will depend on the detailed design of the tariff, the interaction with existing market and network arrangements, and the capacity of consumers to respond to the price signal. The key risk themes, potential impact and mitigation strategies are outlined below in *table 5*.

Table 5: Key risk themes, potential impact and mitigation strategies

Risk Area	Description of Risk	Potential Impact	Mitigation / Design Considerations
Equity and consumer outcomes	<p>Customers with limited ability to shift consumption (e.g. renters, low-income households, shift workers, or households with inflexible demand) may realise smaller benefits from the free-power period. Residual cost recovery outside the free period may disproportionately affect these groups if not carefully calibrated.</p>	<p>Uneven distribution of benefits and potential widening of affordability outcomes between flexible and inflexible consumers. Reduced perceived fairness of the policy.</p>	<p>Under Design Principle 1, the AER must ensure that customers capable of shifting load are better off overall, with the opt-in structure avoiding inadvertent harm to those for whom the tariff is unsuitable. Design Principle 5 introduces a reasonable-use cap that limits excessive free-period consumption by CER-enabled households, supporting fairness across consumer groups. Design Principle 6 provides for ongoing monitoring of distributional impacts and enables refinement of tariff settings to protect vulnerable households. These measures are complemented by clear consumer disclosures, simple tariff structures, defined reasonable-use thresholds and transparent comparison tools to support informed decision-making.</p>
Consumer protections, disclosure and engagement	<p>Consumers may focus on the zero-priced period without fully understanding total tariff impacts, particularly where higher charges apply outside the free period.</p>	<p>Risk of unintended bill outcomes, reduced consumer confidence, and increased complaints if expectations are not aligned with actual outcomes.</p>	<p>Strong consumer protections under Design Principle 1, including NECF and Electricity Retail Code obligations, ensure customers receive clear and transparent information. Design Principle 6 enables monitoring and early detection of consumer harm trends, supporting timely adjustments. Disclosure and education requirements—including government-supported campaigns, retailer obligations for plain-language explanations, and alignment with the Better Bills Guideline—enhance comprehension. The opt-in model further ensures households only enter the tariff when it is suitable for their usage profile.</p>
Network tariff alignment and technical considerations	<p>Network tariffs generally do not include zero-priced periods aligned with the SSO free-power window. Retailers may therefore incur network costs during the free period</p>	<p>Potential cost recovery challenges for retailers and inefficient pricing</p>	<p>Design Principle 2 requires the AER to set the free-power window to align as closely as possible with high-solar and low-cost periods, while Design Principle 3 ensures timing is set by distribution zone to reflect local solar generation and network characteristics. Design Principle 4 enables retailers to recover efficient costs through pricing outside the</p>

	without flexibility to adjust tariff structures under a regulated offer.	signals if misalignment persists.	free-power window. Ongoing engagement between the AER and AEMC supports alignment with network tariff reform processes to minimise long-term structural misalignment.
Interaction with controlled load arrangements	Customers may move away from existing controlled load tariffs (e.g. electric hot water systems) to access the free-power period.	Reduced effectiveness of existing demand management arrangements and potential changes in load diversity.	Under Design Principle 3, controlled load remains excluded from SSO eligibility, preventing disruption to DNSP operating schedules. Design Principle 6 allows government to revisit controlled-load interactions during the post-implementation review if issues emerge. Early monitoring of customer behaviour and system impacts will be used to identify any shifts affecting controlled-load performance or diversity.
Retail cost recovery and market impacts	Retailers continue to incur wholesale, network, environmental and operational costs during solar-abundant periods. Inappropriate parameter setting may create uncertainty around efficient cost recovery.	Reduced retailer participation, pricing distortions, or impacts on retail competition.	Design Principle 4 requires the AER to ensure retailers can recover efficient costs outside the free-power window while still guaranteeing that customers who shift load remain better off overall. Design Principle 5's reasonable-use cap limits excessive consumption that could undermine retailer viability. Retailers with fewer than 1,000 customers are exempt from offering the SSO, reducing disproportionate burdens on small providers. Annual AER parameter updates ensure cost inputs remain aligned with wholesale and network conditions.
Implementation timing and operational readiness	Retailers require system, billing, and operational changes to implement a new regulated tariff while managing concurrent reforms.	Delivery risk, implementation delays, or transitional customer issues if systems are not fully prepared.	Design Principle 6 provides flexibility to refine implementation settings based on emerging insights, while Design Principle 3 ensures a single free-power window per distribution zone, avoiding retailer-specific variation that would otherwise increase IT complexity. Implementation timing will be shaped through consultation to reflect industry capacity and concurrent regulatory reforms, reducing transition risks.
Monitoring and review	As a new regulated tariff structure, actual consumer and system	Risk of unintended bill impacts, uneven uptake,	Design Principle 6 embeds a mandatory post-implementation review within two years to reassess tariff parameters and safeguard settings. Design Principle 2 requires ongoing assessment to ensure the

outcomes may differ from modelling assumptions.

or suboptimal demand-shifting outcomes.

free-power period continues to align with system-efficiency objectives. Continuous monitoring by the AER and the department will support refinement of tariff timing, reasonable-use levels and other settings in future regulatory cycles.

Overall Assessment

This option best meets government objectives: improving affordability, strengthening equity, enhancing system efficiency, and providing clear consumer protections. Evidence from trials and consultation shows strong potential for meaningful demand shifting, especially among non-solar homes.

Option A2 – Voluntary industry code or guidance framework (non-mandated standardisation)

Under this option, Government would not mandate a regulated standing offer but would work with industry to develop voluntary design principles or a best-practice code for solar-aligned tariffs. This could include recommended fixed timing windows, disclosure standards, and guidance on cost recovery and consumer protections.

Core features could include:

- **Voluntary design principles** for solar-aligned or “free period” tariffs.
- **Recommended timing parameters** (e.g. indicative midday windows aligned with solar abundance).
- **Best-practice disclosure standards**, including plain-English explanations of how the free window operates and how residual costs are recovered.
- **Guidance on consumer safeguards**, including opt-in consent and suitability prompts.
- **Transparency expectations**, such as benchmarking against the DMO reference price where relevant.
- Ongoing collaboration between Government, the AER and industry bodies to refine guidance as the market evolves.

Participation would not be mandatory, and compliance would rely on industry leadership and reputational incentives rather than enforceable regulatory obligations

Rationale for Considering this Option

Option A2 was considered in response to stakeholder submissions, particularly from retailers, who argued that:

- Market-led “free power period” products are already emerging.
- Mandating a regulated product may constrain retail innovation.
- A principles-based or guidance-led framework could promote consistency without distorting competition.
- Flexibility is needed to accommodate differing network conditions and evolving technology (e.g. batteries, EVs).

This option was assessed as a potential lower-intervention alternative consistent with best practice regulatory principles, which require consideration of the least intrusive mechanism capable of addressing the identified problem.

Net benefits:

- Lower regulatory burden than a mandated standing offer.
- Greater flexibility for retailers to adapt products to local conditions.
- Potential improvement in comparability and transparency if broadly adopted.
- Reduced risk of regulatory distortion.

Table 6: Net Benefit Assessment, Option A2 – Voluntary industry code or guidance framework

Legend  = Strong positive / Low risk  = Mixed / Moderate  = Weak / Limited benefit		
Impact Category	Net Benefit Rating	Explanation
Economic		Potential moderate bill savings where retailers adopt guidance; impact scale uncertain.
Competition		Maintains innovation flexibility; avoids prescriptive regulation; however, no enforceable standard.
Social / Distributional		Improved transparency possible; access remains uneven and dependent on voluntary retailer participation.
Environmental / System		Some demand shifting possible; scale and system impact uncertain.
Regulatory Burden		Low compliance cost; no mandatory implementation.
Overall Net Benefit	 Moderate	Improves guidance and transparency but lacks certainty, scale and enforceability.

A voluntary code approach would improve transparency and may encourage more consistent design of solar-aligned products without imposing mandatory obligations. Regulatory burden would remain low and innovation flexibility preserved, reducing implementation risks for retailers.

However, participation would be discretionary, meaning uptake and product availability would likely remain uneven across jurisdictions and customer cohorts. Without enforceability, system-level demand shifting and equity improvements are uncertain and dependent on market incentives.

Overall, this option offers moderate improvement relative to the status quo but lacks the scale, certainty and universality required to fully address the identified structural and distributional issues.

Limitations:

- No guarantee of universal participation or consistent consumer access.
- Risk of partial or uneven adoption across retailers and jurisdictions.
- Limited enforceability beyond general consumer law.
- Reduced certainty of equitable outcomes for disengaged customers.
- May not provide a sufficiently strong benchmark or reference point for comparison under the DMO framework.

Overall Assessment

Stakeholder feedback suggested that while voluntary guidance may improve product consistency, it would not ensure universal access or address concerns about cross-subsidisation, network alignment, or consumer safeguards with sufficient certainty.

Table 7: Policy Options: Impact Assessment Summary

Option	Who is affected	Economic impacts	Market impacts	Social / Distributional impacts	Environmental & System impacts	Net benefit assessment
A0 – Status quo / market-led approach	<ul style="list-style-type: none"> ➤ Households (CER & non-CER), ➤ Retailers, ➤ DNSPs ➤ Regulators 	<ul style="list-style-type: none"> ➤ Minimal new compliance cost ➤ Limited and uncertainty on bill saving for customers ➤ Continued exposure to evening peak pricing 	<ul style="list-style-type: none"> ➤ Preserves full retailer flexibility ➤ Product complexity may limit effective comparability and therefore value for money 	<ul style="list-style-type: none"> ➤ Benefits concentrated among engaged/CER-enabled households ➤ Renters & low-income households unlikely to benefit ➤ Equity gap persists 	<ul style="list-style-type: none"> ➤ Limited demand shifting and network utilisation ➤ Continued minimum-demand risk ➤ Ongoing curtailment ➤ Continued reliance on peaking generation 	<ul style="list-style-type: none"> Low–Moderate Low regulatory burden but limited ability to address structural problem
A2 – Voluntary industry code / guidance framework	<ul style="list-style-type: none"> ➤ Retailers (voluntary participants) ➤ Households (dependent on uptake) ➤ DNSPs ➤ Regulators 	<ul style="list-style-type: none"> ➤ Low compliance burden ➤ Potential moderate and transparent bill benefits where adopted ➤ No guarantee of scale 	<ul style="list-style-type: none"> ➤ Maintains innovation flexibility ➤ Risk of fragmented product design ➤ No enforceable standard 	<ul style="list-style-type: none"> ➤ Improved transparency where adopted ➤ Uneven access likely ➤ Vulnerable cohorts not guaranteed access 	<ul style="list-style-type: none"> ➤ Some demand-shifting possible ➤ System impact uncertain ➤ Scale dependent on voluntary adoption 	<ul style="list-style-type: none"> ➤ Moderate ➤ Improves guidance but lacks enforceability and scale certainty
A1 – Regulated SSO	<ul style="list-style-type: none"> ➤ Load-shifting households ➤ Inflexible 	<ul style="list-style-type: none"> ➤ Transparent bill savings for load-shifting households 	<ul style="list-style-type: none"> ➤ Creates benchmark improving comparability 	<ul style="list-style-type: none"> ➤ Expands access for non-CER households ➤ Opt-in reduces 	<ul style="list-style-type: none"> ➤ Improved midday utilisation ➤ Reduced curtailment 	<ul style="list-style-type: none"> ➤ High ➤ Strongest structural alignment with

- households
- Retailers (>1,000 customers)
- Small retailers (exempt)
- DNSPs
- Regulators
- Implementation and IT costs for retailers
- Wholesale & network exposure managed via DMO framework
- Regulatory monitoring costs
- Spurs innovation through the development of competing or similar market offers
- Proportionate compliance (small retailer exemption)
- consumer harm risk
- Reasonable-use cap limits disproportionate capture
- Distributional improvement relative to A0/A2
- Potential moderation of evening peaks
- Risk of local congestion mitigated via DNSP timing flexibility
- system and equity objectives, subject to calibration and monitoring

Table 8: High-Level Risk Comparison – For all Policy Options

Risk Category	Option A0 Status Quo (Market-led)	Option A1 Regulated SSO Standing Offer	Option A2 Voluntary Guideline / Code-Based Approach
Equity & Access Risk	<p> High</p> <p>Uneven access; benefits concentrated among CER households</p>	<p> Medium</p> <p>Improves access but cross-subsidy risk if poorly calibrated</p>	<p> High</p> <p>No guarantee of universal access; fragmented uptake</p>
Consumer Bill Shock Risk	<p> Medium</p> <p>Complex offers remain; inconsistent protections</p>	<p> Medium</p> <p>Opt-in mitigates risk, but misunderstanding possible</p>	<p> High</p> <p>Inconsistent disclosures; variable product design</p>
System Efficiency / Minimum Demand Risk	<p> High</p> <p>Weak demand-shifting incentives; growing minimum demand events</p>	<p> Low</p> <p>Improves alignment and flattens duck curve</p>	<p> High</p> <p>Voluntary uptake unlikely to materially shift load</p>
Network Congestion Risk	<p> Low</p> <p>Less uptake reduces risk</p>	<p> Low</p>	<p> Low</p> <p>Less uptake reduces risk</p>

		Low probability but moderate risk of feeder-level clustering if uniform window	
Retailer Cost Recovery Risk	 Low Existing structures maintained	 Low- Medium Exposure during free window; mitigated via DMO guardrails	 Low Retailers bear design risk without regulatory clarity
Implementation & Compliance Burden	 Low No new obligations	 Low - Medium IT/billing changes; regulatory oversight required	 Low Minimal regulatory change; lighter compliance
Policy / Reputational Risk	 High Government seen as not addressing equity or system misalignment	 Low Managed through safeguards and communication	 High Perceived weak intervention; limited measurable impact
Ability to Deliver Measurable Outcomes	 Low Effectiveness	 High effectiveness (if calibrated)	 Moderate effectiveness

Insight

- **Option A0** carries the lowest implementation risk but the highest long-term equity and system inefficiency risk.
- **Option A1** introduces implementation and network management risks but delivers the strongest structural benefits and measurable outcomes.
- **Option A2** reduces regulatory burden but is unlikely to materially resolve equity or demand-alignment issues.

Table 9: Risk Rating Scale, Summary comparison of options in a risk matrix – for option A0 Status Quo and A1 Regulated SSO ONLY

		 High Risk	 Medium–High Risk	 Medium Risk	 Low Risk
Risk Domain	Risk Description	Option A0 – Status Quo (Market-led approach)	Risk Rating	Option A1 – Regulated Solar Sharer Offer	Risk Rating
Affordability Risk	Consumers do not experience bill savings or costs increase unevenly across customer groups.	Likely / Major — Limited affordability improvement and no consistent mechanism to protect vulnerable consumers from price volatility.	 HIGH	Unlikely / Minor — Load-shifting households benefit from lower-cost periods with regulated safeguards and oversight through the DMO framework.	 LOW
Equity Risk	Benefits accrue disproportionately to CER-enabled or higher-income households.	Almost Certain / Major — Existing dynamics continue to favour households with solar, batteries or EVs, widening equity gaps.	 HIGH	Unlikely / Minor — Design features broaden access to low-cost solar generation for non-CER households and reduce structural disadvantage.	 LOW
System Efficiency Risk	Insufficient demand shifting into solar-abundant periods leads to ongoing system inefficiencies.	Likely / Major — Voluntary offers insufficient to materially shift aggregate demand; minimum demand and evening peak pressures persist.	 HIGH	Possible / Minor — Coordinated AER-set free periods improve utilisation of renewable generation and reduce system stress.	 MEDIUM–LOW
Consumer Protection Risk	Consumers misunderstand tariff structures, leading to unintended bill outcomes.	Likely / Moderate — Wide variation in voluntary offers and complexity reduces transparency and comparability.	 HIGH–MEDIUM	Unlikely / Minor — Consistent standing offer design, disclosure requirements and NECF protections reduce risk.	 LOW
Retailer Cost Recovery Risk	Retailers face insufficient cost recovery.	Minor — retailer set tariffs generally align with network tariffs.	 LOW	Possible / Minor — Efficient cost recovery incorporated through AER methodology and regulated parameters.	 LOW–MEDIUM
Network Alignment Risk	Misaligned timing between retail tariffs and network costs creates distortions.	Likely / Moderate — Retailers continue managing misalignment through unregulated market offers.	 HIGH–MEDIUM	Unlikely / Minor — Free period timing determined by distribution zone, reflecting solar and network conditions.	 LOW

Implementation / Delivery Risk	Complexity leads to delays or unintended operational outcomes.	Rare / Negligible — No new implementation requirements under status quo.	 LOW	Possible / Moderate — Billing and operational changes required, mitigated through standardisation and staged implementation.	 MEDIUM
Monitoring & Adaptability Risk	Policy becomes ineffective without adjustment over time.	Almost Certain / Moderate — No structured mechanism exists to refine tariff outcomes.	 HIGH	Unlikely / Minor — Ongoing AER / ACCC oversight and scheduled review enable refinement following implementation.	 LOW

What were the core analytical methods undertaken for the SSO Impact Assessment?

The Department used a variety of information sources to inform the design of the Solar Share Offer (SSO) including the AER Residential Energy Consumption Benchmarks, publicly available tariff information, Energy Made Easy market data, and wholesale pricing data. The Department examined potential bill impacts, the scale and distribution of customer benefits, interactions with network tariffs, reasonable-use threshold settings, and the treatment of controlled load arrangements, supporting a balanced and implementable policy design.

A — System and Consumer Benefits

The Department conducted detailed analysis to evaluate the extent to which the SSO improves consumer outcomes and system efficiency. This included:

- **Bill impact and Market analysis** Bill impact analysis was undertaken across both DMO and non-DMO regions, including assessment of existing retail market offers, retailer tariff structures, free power period offerings, and potential cross-subsidisation risks. This analysis considered how the SSO may interact with current market products and cost recovery mechanisms.
- **Network Tariff Impact:** The Department assessed network tariff impacts, including indicative analysis of variable network charges payable by retailers where households shift consumption into the free power period (for example, approximately 20 kWh during an indicative 11am–2pm window), based on current network usage charges.
- **Reasonable use threshold assessment:** The Department considered a range of information sources when determining the reasonable use threshold assessment including broad stakeholder feedback and the AER's *Residential energy consumption benchmarks*¹⁵ for the DMO regions. The AER data provides a single average consumption benchmark by household size in each region. While this benchmark captures key drivers of electricity consumption, it does not reflect all household-specific factors, and actual consumption may be materially higher or lower for reasons such as appliance stock, dwelling characteristics or occupancy patterns.

This informed the development of two kWh-based options for two household sizes under the SSO retail tariff. The cap was set at an amount which is equivalent to an average five plus person household shifting its total daily electricity use in the free-power period, with a view to encouraging broad uptake of all household types. As indicated in the report, a house this size in a warmer climate zone would consume 8,800–9,700 kWh per year, depending on appliance mix and usage patterns. This equates to a daily average of between approximately 24–27 kWh.

In having regard to an appropriate daily cap, the Department notes that the AER's latest consumption data figures were from 2020, and that more recent data suggests average

¹⁵ [Residential energy consumption benchmarks](#)

household electricity consumption may be reducing slightly.¹⁶ This would make the lower end of the AER's daily average range a reasonable use cap, at 24 kWh per day.

- **Controlled load analysis:** Analysis was undertaken on controlled load arrangements to examine potential risks to established demand management outcomes, including impacts on reliability, customer behaviour, load diversity and system integrity. This work also considered mitigation measures and retailer cost recovery implications, including changes to hedging exposure under the SSO, particularly during low-probability, high-impact demand events

B — Market and Regulatory Impacts (Regulatory Burden Estimate)

This analysis examined the operational and regulatory impacts of implementing the SSO across consumers, retailers and networks. It considered implementation complexity, retailer hedging and cost recovery risks, and interactions with existing tariff structures and regulatory frameworks. To form a robust understanding of these impacts, the Department undertook extensive stakeholder consultation, including review of submissions and organised an engagement processes and targeted discussions with retailers regarding operational, compliance, and cost recovery considerations. The analysis also evaluated alignment with broader market incentives to minimise unnecessary regulatory burden while maintaining investment, retail innovation, and efficient market operation. Network tariff impacts were assessed through analysis of variable charges where households shift consumption into the free power period (e.g., ~24 kWh during an 11am–2pm window), enabling assessment of retailer exposure under different scenarios).

C — Distributional and Equity Impacts

Distributional and equity analysis focused on how the benefits and costs of the SSO are shared across different customer groups, including households with and without CER, renters, low-income households, and households unable to shift consumption. The Department assessed reasonable-use threshold options to balance benefits across these groups and examined controlled load arrangements to identify potential risks to demand management outcomes, reliability, load diversity, and system integrity. Mitigation measures, including retailer cost recovery strategies and adjustments under low-probability, high-impact demand events, were considered to ensure the SSO delivers equitable, fair, and affordable outcomes across the customer base.

International standards and comparative approaches

There are no directly applicable international standards mandating the design of regulated “free power period” tariffs. While time-of-use (ToU) pricing and demand response programs are common internationally, fully regulated, nationally benchmarked standing offers incorporating a mandated zero-cost window aligned to renewable abundance are not widely adopted.

Free Power Period (FPP) initiatives have been introduced by electricity retailers in several international jurisdictions, including New Zealand, the United Kingdom, and the United States. Across these markets, the core objective is broadly consistent: to incentivise consumers to shift electricity consumption from peak to off-peak periods in order to improve system efficiency and reduce network stress. However, these initiatives are typically voluntary, retailer-led market offers rather than regulated standing products.

¹⁶ Australian Competition and Consumer Commission, Appendix E, Figure A3.1: Quarterly grid usage by residential customers, 10 July 2025, [Electricity market monitoring inquiry 2018-26](#).

In New Zealand, retailers such as Contact Energy¹⁷ and Electric Kiwi¹⁸ provide “free hour” or overnight free usage products, generally targeting late evening or overnight periods when demand is lower. In the United Kingdom, retailers including Ovo¹⁹ and EDF²⁰ have offered dynamic or nominated-hour free electricity products, often rewarding customers for reducing peak consumption with access to discounted or free weekend hours. In the United States, FPP-style products offered by retailers such as Reliant Energy and Direct Energy²¹ are commonly structured around overnight or weekend periods to encourage off-peak usage.

These international models differ from the proposed SSO in several important respects:

- **Timing rationale:** Overseas FPPs typically target overnight, or shoulder periods aligned to traditional demand troughs. The Australian SSO is designed to align specifically with midday solar abundance, reflecting Australia’s uniquely high penetration of rooftop solar and increasing incidence of minimum demand events.
- **Regulatory status:** International FPPs are predominantly competitive market offers. The SSO proposes a regulated standing offer embedded within the existing Default Market Offer (DMO) framework, with price cap oversight by the AER.
- **Equity objective:** Many international FPPs are primarily commercial products aimed at attracting customers. The SSO is designed as an equity-oriented structural reform to ensure that households without CER can share in the benefits of abundant daytime renewable generation.
- **System integration purpose:** Australia’s SSO explicitly seeks to address minimum demand risks, renewable curtailment and evening ramp pressures identified in AEMO and AER publications, linking retail pricing reform directly to renewable integration and system security objectives.

For these reasons, the regulated SSO is comparatively novel in an international context. It represents one of the first proposals globally to embed a renewable-aligned free usage window within a regulated retail benchmark product at a national level. This approach reflects Australia’s distinctive energy market characteristics — particularly world-leading rooftop solar penetration and increasing midday negative pricing events, which require a policy response tailored to local system conditions.

While the SSO draws conceptually on international FPP experience in encouraging demand flexibility, it adapts and extends those principles within a regulated consumer protection framework to ensure transparency, comparability, and equitable access.

¹⁷ [Good Nights Plan | Contact Energy](#)

¹⁸ [Electric Kiwi | Hour of Power | Independent Kiwi Power & Broadband](#).

¹⁹ [OVO Offers Two Free Hours of Energy Every Week to Lower Bills This Summer](#), article published 28 April 25.

²⁰ [Energy company to give households four hours of free electricity every weekend starting in days](#).

²¹ [A Guide To Free Nights and Weekends Electricity | Direct Energy](#).

Detailed Impact Analysis for Option A1 by stakeholders

Option A1 introduces a regulated Free-Power-Period (FPP) standing offer, known as the SSO, within the DMO framework. This chapter presents a detailed assessment of the expected impacts and risks for all key stakeholders, highlighting how the option affects households, retailers, distributors, regulators, and the broader market.

The analysis considers both the potential benefits such as bill savings, access to cheaper daytime renewable electricity, and system efficiency gains—and the associated risks, including equity considerations, compliance burdens, and network demand management. By systematically evaluating these effects, the chapter demonstrates how the SSO is designed to balance equitable access, consumer protection, retailer viability, and operational feasibility, while providing a structured basis for ongoing monitoring, evaluation, and refinement.

Stakeholder Identification

The stakeholders affected by Option A1 include:

- **Households able to shift 10–30% of usage** – those with flexibility to adjust consumption to the free-power window.
- **Households with limited flexibility** – such as renters, apartment dwellers, shift workers, or those with constrained schedules.
- **Non-CER households** – households without solar PV, batteries, or electric vehicles.
- **CER-enabled households** – households with distributed energy resources such as solar PV, batteries, or EVs.
- **Retailers** – Tier 1 and mid-tier providers responsible for billing, product configuration, and cost recovery.
- **Small retailers (<1,000 customers)** – potentially affected by compliance requirements and market positioning.
- **Distribution Network Service Providers (DNSPs)** – responsible for managing demand profiles, local congestion, and system efficiency.
- **Controlled load customers/programs** – customers with existing controlled load arrangements.
- **AER** – responsible for setting FPP timing and tariff parameters.
- **Australian Competition and Consumer Commission (ACCC)** – responsible for Code compliance and enforcement.
- **Department of Climate Change, Energy, the Environment and Water (DCCEEW)** – policy stewardship, communications, and post-implementation review.
- **Wider market & competition** – including Energy Made Easy users and competing retailers responding to a new standing offer floor.

Stakeholder impact on Option A1

Table 10: Stakeholder impact on Option A1

Stakeholder group	Impact
Households able to shift 10–30%	Households with flexibility to shift electricity usage to the free-power window would be expected to achieve bill savings of approximately 8–37% annually, depending on the share of consumption shifted and network zone. These savings are contingent on accurate timing of the FPP and effective communication of the opportunity.
Households with limited flexibility	Households such as renters or shift workers may see limited or moderate benefits. Their outcomes depend on their ability to adjust consumption patterns. The opt-in design and plain language disclosures help mitigate the risk of unsuitable uptake.
Non-CER households	Households without solar PV, batteries, or EVs gain access to cheaper daytime renewable electricity without capital investment. Residual costs outside the FPP are managed via AER-set efficient rates and transparent comparison tools.
CER-enabled households (PV, batteries, EVs)	<p>Households with batteries, or EVs are better placed to benefit from SSO due to their ability to automate load-shifting. In contrast, some households may lack the technology or flexibility to participate, potentially facing higher costs if standard tariffs are adjusted to offset FPP revenue loss. The reliance on consumer capability makes FPPs more prone to selective targeting by retailers, which could deepen energy inequities. Regulatory safeguards such as universal access to a regulated FPP product, clear pricing rules, and monitoring—are essential to ensure fairness and protect vulnerable consumers.</p> <p>Households with distributed energy resources can optimize the timing of energy use to maximize savings, but benefits are capped at 24 kWh/day to maintain fairness. Monitoring and potential adjustments at review mitigate disproportionate advantages.</p>
Retailers (Tier 1 & mid-tier)	Retailers face operational impacts including billing configuration, cost recovery, and product portfolio adjustments. The single-zone timing of the FPP reduces IT complexity, while engagement with AER and AEMC helps align tariffs with network conditions.
Small retailers (<1,000 customers)	Small retailers are largely neutral, as they are exempt from mandatory FPP offerings. They may benefit from optional innovation opportunities, while transparency ensures competitive neutrality.
Distribution Network Service Providers (DNSPs)	DNSPs may experience changes in daytime demand profiles, which could improve system efficiency and reduce congestion. Risks such as daytime clustering are mitigated through reasonable use caps and zone-level timing adjustments.

Controlled load customers/programs	Controlled load customers are initially unaffected, as CL is excluded from the FPP. Monitoring post-implementation ensures that any migration away from CL is identified and addressed.
AER	The AER faces increased workload from determining timing and tariff parameters and monitoring outcomes. These impacts are mitigated through integration with the DMO process and the use of smart meter data.
Australian Competition and Consumer Commission (ACCC)	ACCC faces moderate administrative impacts from ensuring Code compliance and retailer adherence to disclosure obligations. Enforcement and guidance updates reduce the risk of inconsistent conduct.
Department of Climate Change, Energy, the Environment and Water (DCCEEW)	DCCEEW supports policy stewardship, communications, and a two-year post-implementation review. These activities are moderate and time-bound, ensuring transparency and management of policy drift.
Wider market & competition	The broader market benefits from improved comparability and a standing offer floor that encourages innovation. Risks of consumer confusion are mitigated through Better Bills disclosures, Code guidance, and AER publishing of DMO/FPP settings.

Heat Map for option A1

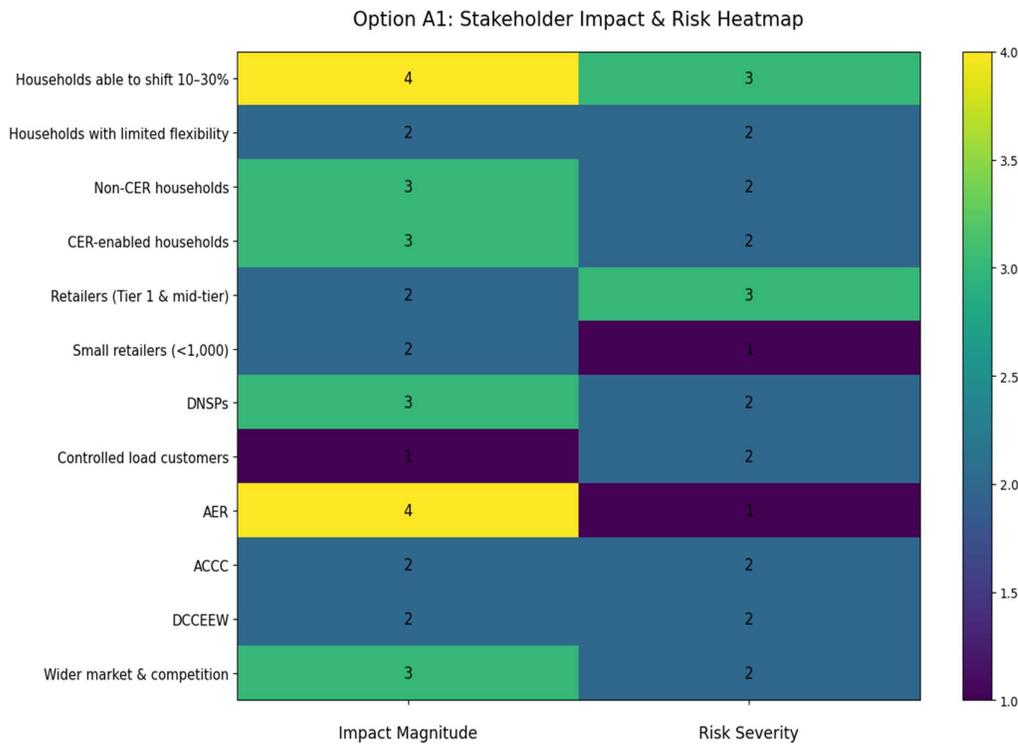
The heat map visually represents each stakeholder’s impact magnitude and risk severity under Option A1, using a 1–4 scale where 1 is low and 4 is high. The 1–4 scale applied in the heat map was developed through a structured qualitative assessment informed by multiple evidence sources rather than a single input. The Department triangulated:

- **Direct stakeholder feedback** provided through formal consultation submissions, including the frequency and intensity of concerns raised by particular cohorts.
- **Bill impact analysis**, where available (e.g. estimated household bill savings, potential network impacts, retailer cost exposure);
- **Policy and regulatory assessment**, including implementation burden, compliance costs, and systemic risk considerations; and
- **Professional judgement** based on the materiality of impacts relative to the stakeholder’s exposure to wholesale prices, network tariffs, or behavioural change requirements.

Darker colours indicate higher values, making it immediately clear which stakeholders are most affected by the introduction of the Solar Sharer Offer. For example, households able to shift 10–30% of their electricity usage and DNSPs are shown with the highest impact and moderate-to-high risk, reflecting both the potential for significant bill savings and system efficiency gains, as well as the need for careful monitoring to prevent network congestion and ensure accurate savings estimates. In contrast, stakeholders like controlled load customers or small retailers are lightly shaded, indicating low to moderate impacts and minimal risk.

The heat map also highlights where mitigation measures are particularly important. Stakeholders with both high impact and moderate risk such as CER-enabled households, the AER, and Tier 1 retailers require clear guidance, effective communication, and ongoing monitoring to ensure the intended outcomes are realized without unintended consequences. Conversely, stakeholders in the lower-left corner of the map have minimal exposure, meaning engagement can focus on compliance and awareness rather than major operational adjustments. Overall, the heat map provides a quick, at-a-glance tool to prioritize stakeholder engagement, risk management, and policy oversight, complementing the detailed impact analysis.

Figure 3. Option A1: Stakeholder Impact & Risk Heatmap



Detailed breakdown of key stakeholder impacts as per heat map (with reference to stakeholder submissions)

This section expands on the stakeholder heat map by incorporating key issues raised through consultation submissions from retailers, networks and market participants. While views differed, several consistent themes emerged regarding cost recovery, implementation feasibility, equity, network alignment and market impacts.

1. Residential households (eligible customers with smart meters)

Impact magnitude: High

Risk severity: Low–Moderate (with safeguards)

Residential customers are the primary intended beneficiaries of Option A1. The SSO provides an opt-in, regulated standing offer with a defined three-hour zero-cost usage window, enabling households to shift consumption into periods of high solar generation and lower wholesale costs.

Benefits

Submissions broadly acknowledged that:

- The SSO could improve equitable access to solar benefits, particularly for renters and households without rooftop solar.
- Clear price signals may support engagement in the energy transition and encourage load shifting.
- A regulated benchmark may improve transparency relative to diverse market-led free-power offers.

Several submissions supported the policy intent of expanding access to midday renewable generation and smoothing demand.

Risks identified in submissions

However, stakeholders also raised concerns that:

- The SSO is a behaviour-based product that may disproportionately benefit households with batteries, EVs or high daytime flexibility, rather than low-income or vulnerable customers.
- Customers unable to shift load (e.g. working households, vulnerable cohorts) could face higher charges outside the free window if pricing is rebalanced to recover costs.
- Time-of-use style products can produce worse outcomes for disengaged customers if not well understood.

To mitigate these risks, submissions emphasised:

- The importance of maintaining the SSO as a voluntary opt-in product;
- Strong suitability messaging and consumer education;
- A reasonable use cap to limit excessive arbitrage behaviour;
- Monitoring and post-implementation review to identify unintended distributional outcome

Overall, consumer impacts remain strongly positive in intent, but submissions indicate the need for calibrated safeguards to avoid regressive cross-subsidies.

2. Households without Consumer Energy Resources (CER)

Impact magnitude: High (distributional benefit)

Risk severity: Moderate (if cross-subsidies emerge)

Submissions widely recognised that non-CER households currently face barriers to accessing midday solar benefits. Many stakeholders agreed that expanding access to renewable abundance is an appropriate policy objective. However, several submissions cautioned that if:

- Customers with batteries or EVs can shift disproportionately large volumes into the free window; and
- Tariffs outside the free period increase to recover costs;

then households without load-shifting capability could indirectly subsidise higher-response customers.

This risk underscores the importance of:

- The 24 kWh/day reasonable use cap;

- Careful AER forecasting of representative load profiles;
- Ensuring cost recovery is calibrated to realistic behavioural assumptions;
- Monitoring switching patterns and bill outcomes by customer cohort.

The heat map therefore reflects high positive impact potential, but with equity-sensitive design considerations.

3. Electricity retailers (DMO jurisdictions)

Impact magnitude: Moderate

Risk severity: Low - moderate (implementation and cost recovery risk)

Option A1 introduces a mandatory obligation on retailers in DMO jurisdictions to make available a regulated SSO standing offer to eligible residential customers with smart meters. The SSO includes a defined three-hour zero-cost usage window, a reasonable use cap (24 kWh per day), and pricing parameters determined by the AER under the DMO framework.

Retailers will incur implementation costs and ongoing regulatory compliance and operational costs. Submissions consistently emphasised that the SSO represents a material product and system change beyond standard annual DMO updates.

The regulatory burden on retailers arises across five key domains:

1. IT and billing system changes
2. Tariff modelling and cost recovery design
3. Compliance, disclosure and reporting
4. Hedging and risk management adjustments
5. Ongoing customer service and administration

The magnitude of burden varies by retailer size, system architecture and product complexity. The proposed exemption for retailers with fewer than 1,000 customers mitigates disproportionate burden for very small retailers

Table 11: Risk Impact

Impact Category	Description of Impact	Nature of Impact	Magnitude	Risk Level	Mitigation Measures
Product Obligation	Mandatory requirement to offer an SSO standing offer to eligible residential customers in DMO jurisdictions	Regulatory compliance	Moderate	Low	Use of existing DMO framework; opt-in design; exemption for retailers <1,000 customers
IT & Billing System Changes	Configuration of new TOU structure with 3-hour zero-cost window; integration of 24 kWh/day cap; interval data	One-off implementation cost	Moderate	Moderate (implementation risk)	Advance regulatory clarity; phased commencement; leverage existing

Impact Category	Description of Impact	Nature of Impact	Magnitude	Risk Level	Mitigation Measures
Tariff Modelling & Cost Recovery	processing updates; testing and assurance	Analytical and pricing burden (initial + ongoing annual DMO cycle)	Moderate	Moderate	TOU infrastructure
	Development of representative load profiles; modelling of behavioural response; rebalancing of non-free period tariffs; incorporation of network and wholesale costs				AER flexibility in forecasting assumptions; conservative load modelling; post-implementation review
Wholesale & Hedging Adjustments	Portfolio risk adjustments due to potential intra-day load concentration; interaction with forward hedge positions	Indirect financial risk exposure	Low	Low	Gradual implementation; DMO cost recovery mechanisms; monitoring of uptake
Network Cost Exposure	Retailers continue to incur network use-of-system charges during free window; potential misalignment with DNSP tariffs	Structural cost recovery challenge	Low	Low-	DNSP-specific timing; alignment with existing off-peak windows where feasible
Environmental Scheme Costs	Retailers remain liable for renewable energy scheme costs (e.g. LGCs, STCs, state-based environmental schemes) and other statutory obligations during the free window, as these are volume-based and not linked to wholesale price	Direct variable cost exposure	Low	Low	Inclusion of environmental cost components in DMO price setting; cost recovery through overall tariff structure
Compliance & Disclosure Requirements	Updates to product disclosure statements, consent scripts, bill messaging,	Ongoing administrative burden	Low	Low	Application of existing EIC framework; principles-based disclosure approach

Impact Category	Description of Impact	Nature of Impact	Magnitude	Risk Level	Mitigation Measures
Reasonable Use Cap Administration	comparison tools; training staff				
	Monitoring and enforcement of 24 kWh/day cap; billing adjustments if exceeded	Ongoing operational burden	Moderate	Low	Automated billing rules; defined cap structure
Customer Service & Complaints	Increased enquiries regarding suitability, bill variability, switching; potential short-term confusion	Ongoing operational impact	Moderate (initially)	Low–Moderate	Clear communication; consumer education; opt-in participation
Impact on Smaller Retailers	Disproportionate compliance and IT cost relative to customer base	Structural burden	Moderate (mid-tier) / Low (exempt cohort)	Moderate	Exemption for <1,000 customers; consideration of staged implementation

4. Overall Retailer Impact Assessment

Table 12: Overall Risk Impact Assessment

Dimension	Assessment
Implementation Burden (Year 1)	Moderate
Ongoing Compliance Burden	Low
Variable Cost Exposure (Wholesale, Network, Environmental)	Moderate
Financial Risk Exposure	Low - moderate
Residual Risk After Mitigation	Manageable within DMO framework

5. Small retailers

Impact magnitude: **Moderate (if not exempt)**

Risk severity: **Moderate**

Submissions from smaller retailers emphasised that:

- IT and billing reconfiguration costs are material relative to customer base size;
- Hedging positions already taken may not reflect SSO assumptions;
- Mandatory implementation without lead time increases financial and operational risk.

The proposed exemption for retailers under 1,000 customers mitigates some risk. However, some submissions suggested a higher threshold or staged rollout. The heat map therefore reflects moderated risk due to exemption settings, but implementation timing remains a key variable.

6. Distribution Network Service Providers (DNSPs)

Impact magnitude: Moderate–High (operational impact)

Risk severity: Moderate

DNSP submissions focused on:

(a) Local network impacts

- Risk of concentrated midday load increases at the feeder or transformer level;
- Potential voltage or power quality issues;
- Possible augmentation requirements if uptake is high and synchronised.

Networks emphasised that very low wholesale prices do not automatically equate to zero network costs, and that network tariffs must align with the SSO design to avoid cost distortions.

(b) Tariff alignment

Submissions recommended aligning the free-power period with existing network off-peak structures to reduce mispricing risk.

These issues support a moderate-to-high operational impact rating, mitigated by:

- DNSP-specific free window determination;
- Reasonable use cap;
- Ongoing monitoring and adaptability

7. Wholesale market participants and generators

Impact magnitude: Moderate

Risk severity: Moderate (investment signal risk)

Some submissions raised concerns that:

- A mandated zero-price retail window could suppress intraday price variability;
- Investment signals for storage and flexible generation may be dampened;
- Midday price formation may be distorted;
- The SSO may interact with broader decarbonisation investment dynamics.

Other submissions noted that existing battery uptake and storage investment are already addressing minimum demand challenges, questioning the incremental benefit of regulation.

These issues suggest moderate system-level impact, but the limited duration (3 hours), load cap, and DMO anchoring reduce systemic risk relative to broader structural reforms.

8. Government and regulators

Impact magnitude: Moderate

Risk severity: Low–Moderate (policy delivery risk)

Government and regulators will need to:

- Develop modelling methodologies for representative SSO load profiles;

- Calibrate cost recovery under DMO;
- Monitor equity and bill outcomes;
- Undertake post-implementation review within two years

Submissions stressed that inadequate modelling or rushed timelines may undermine policy credibility and consumer trust. Accordingly, regulatory design and sequencing are central to risk mitigation.

Consultation

Purpose and Objectives of Consultation

The Department undertook targeted public consultation on the proposed SSO through the release of the SSO Consultation Paper 2025–26. Consultation sought evidence and stakeholder views to:

- Test the case for regulatory intervention;
- Refine the design of a regulated time-of-use standing offer incorporating a daily free-power period;
- Assess equity, affordability and consumer protection impacts;
- Examine network alignment, cost recovery and retailer viability issues; and
- Inform implementation timing, monitoring and review arrangements.

Consultation occurred in parallel with reforms to the DMO framework to ensure regulatory coherence and consistency across jurisdictions.

Seventy-six submissions were received from retailers (large and small), DNSPs, consumer and community organisations, academics, individuals and a state government agency. Bilateral discussions were also conducted to clarify analysis, cost-recovery approaches, and operational impacts.

Consultation confirmed that the objectives of improving access to midday renewable abundance and encouraging demand flexibility are broadly understood across the sector. However, stakeholders expressed divergent views on the appropriate mechanism to achieve these objectives and the degree of regulatory prescription required.

Principle Views of Stakeholders

1. Broad support for policy intent

Stakeholders widely supported the objective of enabling households without rooftop solar to share in the benefits of abundant daytime renewable generation and improving system efficiency through demand shifting.

2. Equity and consumer protection concerns

Consumer representatives emphasised that the SSO must not disadvantage renters, low-income households or customers unable to shift load. Concerns were raised about potential cross-subsidies if costs incurred during the free-power period were recovered through higher charges outside the window. Strong support was expressed for opt-in participation, plain-language disclosures, suitability messaging and enhanced comparison tools.

3. Network alignment and operational risks

DNSPs highlighted the absence of network tariffs that mirror a zero-charge window and warned of potential feeder-level congestion, voltage issues or new midday peaks if demand becomes synchronised. Several cautioned against a uniform national window and called for regional flexibility.

4. Retailer viability and cost recovery

Retailers emphasised that wholesale, network, environmental and operational costs persist during low wholesale price periods. Submissions argued that regulated settings must allow

efficient cost recovery and avoid distortions between SSO and non-SSO customers. Smaller retailers raised proportionality concerns regarding IT and compliance costs.

5. Controlled load interactions

DNSPs expressed concern that the SSO could “cannibalise” controlled load arrangements if customers abandon existing off-peak tariffs, potentially undermining established load-management tools.

6. Implementation timing and readiness

Many submissions considered a July 2026 commencement ambitious given concurrent reforms recently finalised by the AEMC, recommending phased implementation or flexibility to manage delivery risk.

7. Monitoring and review

There was strong consensus on the need for transparent metrics and a formal post-implementation review to assess bill impacts, uptake patterns, demand shifting and system outcomes.

Areas of Agreement and Difference

Areas of Agreement

- The policy objective of improving access to renewable abundance is sound.
- Consumer safeguards and opt-in participation are essential.
- Regional flexibility is preferable to a single national window.
- Monitoring and review mechanisms are required.

Areas of Difference

- Whether regulation is necessary, or whether market-led “free period” offers are sufficient.
- The extent of prescription required in tariff design and window setting.
- How network costs should be treated during the free-power period.
- The appropriate scale and calibration of a reasonable use cap

How Consultation Shaped the Preferred Option

Stakeholder feedback materially informed refinement of the SSO design.

1. Embedding within the DMO framework

To address equity and comparability concerns, the SSO will operate as a regulated standing offer within the DMO framework, ensuring price-cap protections and regulatory oversight.

2. Opt-in participation and strengthened communications

In response to consumer protection concerns, the SSO will not be a default tariff. Retailers must support informed decision-making, and the government will develop clear public-facing materials.

3. Regional flexibility in window setting

To mitigate network and operational risks, the AER will determine the 3-hour free-power period by distribution network area, having regard to wholesale prices, solar output and network conditions, rather than applying a uniform national window.

4. Retailer viability safeguards

Consistent with DMO reforms, the AER will ensure efficient cost recovery outside the free-power period while maintaining that customers who shift load are better off overall. Retailers with fewer than 1,000 customers will be exempt to ensure proportionality.

5. Reasonable use cap

A 24 kWh daily reasonable use cap will apply to moderate excessive load concentration and address equity concerns regarding disproportionate benefit capture by CER-enabled households.

6. Controlled load treatment

Controlled loads will not be required to align with the SSO free-power period in the initial phase. Customers opting into the SSO will do so for general usage only. Ongoing treatment will be reviewed as part of broader evaluation.

7. Post-implementation review

A formal review within two years of commencement will assess behavioural outcomes, bill impacts, network effects and market dynamics, allowing adjustments if unintended impacts arise.

Conclusion

Consultation confirmed broad support for the SSO's objectives but highlighted material risks requiring careful calibration. The preferred option reflects a balanced approach: retaining a regulated benchmark to ensure equitable access, embedding strong consumer protections, allowing regional flexibility, protecting retailer viability, and incorporating adaptability through structured review and monitoring.

This approach addresses stakeholder concerns while maintaining the core objective of improving affordability, equity and system efficiency in a high-solar electricity market.

Option Selection and implementation and evaluation of preferred option

Following assessment of the net benefits of each option against the Government’s objectives of affordability, equity and system efficiency, this Impact Analysis recommends **Option A1** for implementation.

Option A1 best addresses the identified policy problem by providing a consistent and equitable mechanism for households to access midday renewable generation, while leveraging the established DMO framework and maintaining full consumer protections. It balances consumer bill relief and demand-shaping benefits with proportionate regulatory safeguards and cost-recovery mechanisms.

Option A2 reduces regulatory burden relative to A1 but lacks enforceability and scale certainty. It may improve transparency but is unlikely to materially resolve equity or system misalignment. As shown in *table 13*.

Table 13: Risk level for each option

Option	Overall Risk Level	Overall Policy Effectiveness
A0 – Status Quo	 High - structural risk (equity & system)	 Low
A1 – Regulated SSO	 Moderate - implementation risk (manageable)	 High
A2 – Voluntary Code / Guideline	 Mixed risk , lower certainty	 Low

Table 14: Summary of net benefits

Option	Regulatory Burden	Equity Improvement	System Efficiency	Certainty of Impact	Overall Net Benefit
A0 – Status quo	Very Low	Low	Low	Low	Low–Moderate
A2 – Voluntary code	Low	Moderate (if adopted)	Moderate	Low–Moderate	Moderate
A1 – Regulated SSO	Medium	High	High	High	High

The comparative assessment of options considered stakeholder impacts, distributional effects, implementation feasibility and regulatory burden. While Option A1 introduces new obligations for retailers and regulators, these impacts are mitigated through calibrated pricing parameters within the DMO determination process, upcoming retail code amendments and the Australian Energy Regulator’s (AER) established cost-recovery methodology.

Where impacts on retail pricing structures arise, the DMO framework enables efficient recovery of wholesale, network and environmental costs while ensuring that customers who shift consumption into the defined free-power period are better off overall. This approach minimises unintended consequences and preserves market integrity.

On balance, Option A1 delivers the greatest net benefit and represents a proportionate and practical response to the identified problem

Implementation

Implementation of Option A1 will occur through amendments to the *Competition and Consumer (Industry Code—Electricity Retail) Regulations 2019* (Electricity Retail Code) and integration within the existing DMO framework in jurisdictions where the DMO applies. The implementation approach reflects the six design principles developed through consultation and outlined in the SSO Consultation Outcomes Paper

Regulatory framework and institutional roles

The SSO will operate as a regulated standing offer within the DMO framework. The AER will be responsible for:

- determining the SSO tariff as part of the annual DMO determination process;
- setting the consecutive 3-hour free-power period for each distribution network area;
- determining regulated usage rates outside the free-power period, consistent with efficient cost-recovery principles; and
- determining the applicable rate for consumption above the reasonable use cap.

The Australian Competition and Consumer Commission (ACCC) will continue to monitor and enforce compliance with the Electricity Retail Code, including obligations relating to price presentation, consumer protections, and retailer conduct. This approach leverages established regulatory institutions and processes, minimising duplication and implementation risk while ensuring the SSO is subject to the same governance and oversight arrangements as other DMO standing offer.

Design features to be implemented

Consistent with the Outcomes Paper, the SSO will include the following core elements:

- A mandatory requirement for retailers (subject to exemption thresholds) to make an SSO standing offer available to eligible residential customers in DMO jurisdictions;
- A zero-charge usage window of three consecutive hours per day;
- A regionally determined free-power period set annually by the AER for each distribution network area, having regard to solar generation patterns, wholesale pricing and network conditions;
- Usage charges outside the free-power period determined through the DMO methodology to enable efficient recovery of wholesale, network, environmental and operational costs;
- A reasonable use cap of 24 kWh per day, reflecting the average daily consumption of a five-person household; and
- An opt-in participation model to preserve consumer choice.
- Controlled load arrangements will not be required to align with the SSO free-power period in the initial phase. Customers opting into the SSO will do so for general usage, with controlled load components remaining unchanged. This approach reduces implementation complexity and mitigates disruption to existing arrangements.

Eligibility will be limited to customers with smart meters capable of providing interval data, ensuring accurate billing and compliance with the free-power window structure. Retailers with fewer than 1,000 customers will be exempt from the obligation to offer the SSO.

Consumer protections and communication

The SSO will be subject to the full suite of consumer protections under the National Energy Customer Framework (NECF) and the Electricity Retail Code. As a regulated standing offer, it will be supported by existing requirements relating to billing transparency, price disclosure, hardship protections and information provision.

The SSO will operate on an opt-in basis. Retailers will be required to clearly communicate the suitability criteria of the offer, including the need for customers to be able to shift consumption into the free-power period to realise savings. The Government will support implementation through clear and accessible communication materials to assist households in assessing whether the SSO is appropriate for their usage patterns. These measures respond directly to consultation feedback emphasising the importance of informed consent, transparency and protection of vulnerable consumers.

Alignment with system and market conditions

In determining the free-power period, the AER will be required to have regard to:

- periods of high rooftop solar output;
- low wholesale prices, including minimum demand periods; and
- alignment with appropriate network tariffs.

The free-power period will be consistent within each local distribution network area but may differ across regions to reflect local conditions. This design avoids the inefficiencies and system risks associated with a uniform national window and responds to stakeholder concerns regarding network constraints and regional variation. For the initial phase, the free-power period will operate year-round and run continuously for three hours per day. Seasonal or dynamic variation may be considered in future refinements.

Implementation timing and sequencing

The initial phase of the SSO will be delivered through the 2026–27 DMO determination process, with commencement from 1 July 2026 in DMO jurisdictions. The Government will continue engagement with other jurisdictions regarding potential extension beyond DMO regions.

Recognising stakeholder concerns regarding readiness, the implementation approach prioritises regulatory clarity and early engagement with retailers, the AER and other market bodies. Integration within the DMO cycle enables structured consultation on tariff methodology and free-power period determination.

Monitoring and post-implementation review

The SSO design was informed by stakeholder consultation. Its operation and implementation was developed in close consultation with relevant agencies. The AER will have regulatory responsibilities, including determining the appropriate free-power windows for each distribution zone and setting the reasonable use tariff cap that applies when a household's consumption exceeds the 24 kWh use cap during the free-power window. The ACCC will oversee retailers' compliance in relation to the new communication requirements and charges applied during the free-power window, consistent with its broader compliance and enforcement function under the regulations. These obligations are intended to ensure the risk of customers being worst off are mitigated and both carry associated civil penalties, which the ACCC will also be responsible for enforcing.

The department will manage any further policy adjustments, including assessing options for a national rollout and undertaking a post-implementation review two years after the commencement of the SSO, consistent with Design Principle 6 (Adaptability).

The review will assess:

- uptake and participation rates;
- bill impacts across different household cohorts;
- demand-shifting behaviour;
- network and wholesale market impacts; and
- effectiveness of the reasonable use cap and exemption thresholds.

Abbreviations List

Abbreviation	Full name
ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
AEMO	Australian Energy market Operator
CEC	Clean Energy Council
CER	Consumer Energy Resources
CL	Controlled load
ECA	Energy Consumers Australia
EEC	Energy Efficiency Council
DMO	Default Market Offer
DCCEEW/The department	Department of Climate Change, Energy, the Environment and Water
DER	Distributed Energy Resources
DNSP	Distribution Network Service Provider
EV	Electric vehicle
FIT	Feed in Tariffs
IT	Information technology
NEM	National Electricity Market
NECF	National Energy Customer Framework
NERL	National Energy Retail Law
NERR	National Energy Retail Rules
PV	Photovoltaics
SSO	Solar Sharer Offer
TOU	Time of use

Glossary

Term	Definition
Australian Competition & Consumer Commission (ACCC)	The ACCC monitors and enforces the Electricity Retail Code for electricity retailers. The ACCC also enforces the parts of the Competition and Consumer Act 2010 that prohibit misconduct in the electricity market.
Australian Energy Market Commission (AEMC)	The AEMC is the rule maker for Australian electricity and gas markets. They also make and amend the National Electricity Rules, National Gas Rules and National Energy Retail Rules.
Australian Energy Regulator (AER)	The AER is an independent decision-making body responsible for regulating wholesale and retail energy markets, and energy networks, under national energy legislation and rules.
Australian Energy Market Operator (AEMO)	The AEMO manages electricity and gas systems and markets across Australia, helping to ensure Australians have access to affordable, secure and reliable energy.
Better Bills Guideline	The Better Bills Guideline (Version 1) was published on 31 March 2022. The purpose of the Guideline is to provide guidance to retailers on preparing and issuing bills that make it easy for small customers to understand billing information.
Clean Energy Council	The Clean Energy Council is the peak body for the clean energy industry in Australia. They are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.
Commonwealth Scientific and Industrial Research Organisation	Australia's national science agency that uses science and technology to solve challenges for industry, the community, and the nation, with innovations like fast Wi-Fi and polymer banknotes
The Competition and Consumer Act 2010 (CCA)	The Competition and Consumer Act 2010 (CCA), Australia's key national law, promotes fair trading, competition, and consumer protection by regulating business conduct, covering areas like anti-competitive practices (cartels, price fixing), mergers, product safety, and unfair market behaviour.
The Competition and Consumer (Industry Code-Electricity retail) Regulations 2019	Set mandatory, legally binding rules for electricity retailers supplying small customers in specific regions. It limits standing offer prices via the AER's Default Market Offer (DMO), mandates clear comparisons against this reference price, restricts conditional advertising, and empowers the ACCC to enforce compliance
Consumer energy resources (CER)	CER are consumers' resources that generate or store electricity and includes flexible loads that can alter demand in response to external signals. CER includes rooftop solar. batteries. electric vehicle chargers.
Controlled Load	Controlled Load tariffs are designed for electrical appliances that do not require continuous power and allows the shifting of electricity load which in turn reduces high demand on the network.
The Electricity Retail Code	The Electricity Retail Code is a mandatory industry code. The code applies to all retailers that supply electricity to households and small usage

Term	Definition
	businesses in DMO regions. The code sets how prices and discounts must be advertised, published and offered.
Default Market Offer (DMO)	A federal government-initiated default electricity price for residential and small business customers in force in New South Wales, South East Queensland, and South Australia.
Distribution Network Service Provider (DNSP)	A DNSP manages the physical infrastructure of an electricity network, including power lines, cables, substations, and transformers. DNSPs ensure the distribution of electricity from transmission networks to end users.
Electric Vehicle (EV)	An "EV" refers to cars, buses, or other transport powered by electricity from batteries or other sources
Energy Bill Relief Fund (EBRF)	The EBRF was a temporary Australian Government initiative (2023–2025) that provided direct, automatic electricity bill rebates to households and eligible small businesses to ease cost-of-living pressures.
Energy Made Easy	Energy Made Easy is a free, independent Australian Government price comparison website. Operated by the AER, it allows households and small businesses to find and compare electricity and gas plans from all retailers in their area.
Feed-in tariff (FiT)	A feed-in tariff (FiT) is a credit payment from electricity retailers to households or businesses for excess renewable energy (usually solar) exported back to the grid. FiT rates can help reduce electricity bills, with rates varying significantly by retailer and state.
Hedging	Energy suppliers buy energy in advance (known as hedging) to match the demand of their customers. Common hedging strategies include using base load futures contracts, power purchase agreements, and financial derivatives like futures and options.
Impact Analysis (IA)	Impact analysis is a systematic process used to evaluate the potential consequences, risks, and ripple effects of a proposed change, action, or disruption on projects, systems, or organizations. It facilitates informed decision-making by identifying, analysing, and documenting impacts on stakeholders, processes, and technology to optimize outcomes and mitigate risks.
Market offer	An offer that energy retailers set on a competitive basis by determining the tariff to be charged. They may offer a discount (or some other benefit) and can vary in length or be ongoing.
The National Energy Customer Framework (NECF)	A set of national laws, rules, and regulations that govern the sale and supply of electricity and gas to retail customers in participating Australian states and territories.
National Electricity Market (NEM)	The NEM is a wholesale electricity market that participants like retailers can buy and sell energy across the east states of Australia.
National Energy Retail Law (NERL)	The NERL is Australia's framework for regulating electricity and gas supply to consumers, focusing on retailer obligations and customer protections.,

Term	Definition
The National Energy Retail Rules (NERR)	The NERR govern the sale and supply of energy retailers and distributors to customers in NSW, QLD, SA, TAS and the ACT. A set of national laws, rules, and regulations that govern the sale and supply of electricity and gas to retail customers in participating Australian states and territories.
Regional Retailer	Regional energy retailers are specialized suppliers that operate within specific geographic areas, often serving as the primary or default electricity and gas provider for that region. Key providers including Ergon Energy (Queensland), ActewAGL (ACT), and Aurora Energy (Tasmania).
Renewable energy	Renewable energy comes from natural sources that replenish faster than they're used and offer clean power with lower emissions than fossil fuel. Examples include solar, wind, water (hydro/tidal), and geothermal.
Retailer	An energy retailer buys electricity at a wholesale price and sells it to customers who own homes or businesses. The retailer connects customers to the electrical grid and handles the service and billing.
Retail Electricity Pricing Inquiry (REPI)	A REPI, investigates high prices in the NEM by analyzing customer bills, retailer costs, competition, and market factors, aiming to improve affordability through recommendations like default offers and clearer information, with ongoing reports monitoring market dynamics, especially for embedded networks and disengaged customers.
Solar Photovoltaic (PV)	Solar PV refers to the technology that directly converts sunlight into electricity using semiconductor cells, commonly known as solar panels, powering homes, businesses, and large farms by generating clean, renewable energy, reducing bills, and lowering carbon footprints through the photovoltaic effect.
Solar Sponge	A "solar sponge" refers to electricity tariffs designed to encourage households to use excess solar energy during the middle of the day (typically 10 am–3 pm) when supply is high and demand is low.
Standing Offer	A default electricity plan provided to customers who have not actively chosen a market offer. It acts as a safety net, ensuring access to electricity at regulated prices set by government bodies.
Tariff	An energy tariff is the pricing structure your supplier uses to charge you for electricity or gas, combining daily supply charges (fixed) and usage charges (variable, per unit like kWh). Tariffs vary by distributor and meter type, with common types including flat rates, time-of-use and demand tariffs.
Tier 1 Retailer	Tier 1 energy retailers in Australia are the dominant, vertically integrated, companies holding over 10 per cent market share in specific network regions. They control the entire value chain from generation (coal, gas, renewables) to retail, allowing them to manage wholesale market risks more efficiently. There are only three Tier 1 energy retailers in Australia: AGL, EnergyAustralia and Origin Energy.

Term	Definition
Tier 2 Retailer	In Australia, a Tier 2 retailer is defined as an electricity provider that holds a market share of less than 10 per cent in a specific network distribution region.
Time of Use (ToU)	ToU is an electricity pricing structure where rates vary by time of day, with higher Peak charges during high demand (evenings), lower Off-Peak rates (overnight, weekends), and mid-range Shoulder rates, encouraging consumers to shift usage to cheaper periods to save money and balance grid load.