

1st April 2026
Paul Harrigan
Executive Director, DMO and Consumers Branch
Australian Energy Regulator
By email: DMO@aer.gov.au

Re: Submission on the Draft Default Market Offer 2026–27

Dear Mr Harrigan,

We welcome the opportunity to comment on the Australian Energy Regulator’s draft determination for the Default Market Offer (DMO) 2026–27. This submission focuses on the Solar Sharer Offer (SSO) in Chapter 10 and on its implications for consumer fairness, public communication and the wider transition to a more flexible electricity system.

Our overall position is supportive but cautious. The SSO responds to a real system condition: in the middle of sunny days, rooftop and utility-scale solar can coincide with very low operational demand, low wholesale prices and lower network costs. A time-specific retail signal that encourages households to move flexible demand into those hours is therefore reasonable.

However, the SSO should not be framed as a general consumer windfall. Free midday electricity is best understood as a signal that Australia now has abundant solar power for some hours and needs more flexibility in that generation. The next phase of the transition is no longer proving solar works. It is learning how to use high midday solar output securely, efficiently and fairly.

Kind Regards,

Associate Professor Saman A. Gorji, Director, Centre for Smart Power and Energy Research (CSPER), Deakin University
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Executive summary

- The SSO addresses a genuine market and system issue: abundant solar generation during midday periods can coincide with very low operational demand.
- The AER’s proposed local-time free periods and time-of-use structure are broadly reasonable and should be retained in the final determination.
- The SSO should be communicated honestly as a demand-flexibility mechanism, not simply as “free power”. Public trust will be stronger if the underlying system logic is explained clearly.
- Benefits will not be evenly distributed. Households with smart meters and flexible loads such as hot water, EV charging, batteries or daytime occupancy are more likely to gain than renters, apartment residents and households with limited load-shifting capability.
- The SSO should be treated as a complement to storage, smart inverters, flexible demand and shared-building upgrades, not as a substitute for those broader reforms.
- The AER should commit to a published post-implementation review covering uptake, bill outcomes, actual load shifting, the 24-kWh reasonable-use cap, equity impacts and any unintended effects.

1. The draft identifies a real system condition and should say so plainly

The strongest feature of the draft is its recognition of the reality of midday solar abundance. The draft determination notes that the SSO free period should align with periods of high solar generation and low wholesale and network costs, and it also recognises minimum demand as a relevant system factor. That is the right conceptual frame.

This matters for public trust. Consumers are currently receiving multiple signals from the energy transition: rooftop solar is expanding, retail products are changing, and operational tools such as emergency backstop arrangements are becoming more visible. In that environment, the SSO should be explained as part of a broader shift toward a more flexible system, not as a standalone giveaway.

In our view, the most effective public explanation is simple: electricity supply and demand must remain balanced in real time, and in sunny low-demand periods, Australia can now have more solar generation than the grid and market are ready to absorb efficiently. The SSO is one mechanism to move demand into those hours.

2. Support the local free-usage periods and the time-of-use structure

We support the draft free-usage windows of 11:00 am–2:00 pm in New South Wales and South East Queensland and 12:00 pm–3:00 pm in South Australia, set in local time year-round. We also support the decision to retain a time-of-use structure outside the free window rather than using a simple flat tariff for the other 21 hours.

This is a stronger design than a flat “free for three hours, same price otherwise” model because it continues to signal that evening peak periods still matter. In other words, the SSO should encourage both midday load shifting and ongoing awareness of peak-period system stress.

The draft also sensibly prioritises customer simplicity and the practicality of communication by setting local time windows that are easy to understand. That matters because the SSO will only work if households can act on the signal.

3. Fairness and consumer communication need more explicit attention

The key risk in the current policy debate is oversimplification. “Free midday electricity” is a headline, but it is not the same thing as equal benefit. Households with smart meters and flexible loads – such as electric hot water, EV charging, pool pumps, batteries, or people at home during the day – will generally be better placed to benefit. Others will be less able to respond.

This distributional issue is especially important for apartment residents, renters, and households with limited control over appliances, metering or common-property infrastructure. In practice, some consumers will be structurally less able to take advantage of the SSO even though they face the same retail and system transition as everyone else.

Because the reformed DMO objective is to provide a fair, trusted and reasonably priced electricity option, the AER should require very clear retailer communications on: the smart-meter requirement, the exact free usage window, the 24 kWh reasonable-use cap, who is most likely to benefit, and the fact that benefits depend on shifting demand rather than on passive enrolment alone.

4. The SSO is useful, but it should be treated as a complement to storage and flexibility

The SSO should not be read as evidence that the long-term answer is simply to sell more electricity at zero price in the middle of the day. It is better understood as a transitional demand-side tool while broader flexibility catches up.

Australia is already building that flexibility. AEMO has reported a 64 GW investment pipeline in the National Electricity Market, with battery storage accounting for 46% of projects, and the draft 2026 Integrated System Plan notes around 26 GW of battery projects in the storage connection pipeline. The Commonwealth Capacity Investment Scheme has also selected 16 large-scale battery projects totalling 4.13 GW / 15.37 GWh. This is substantial progress, but these assets are being delivered over time, while the operational challenge of very low midday demand is happening now.

For that reason, the most accurate policy message is this: the SSO is a helpful bridge, but Australia still needs storage, controlled loads, EV charging flexibility, smarter inverters, and building-level upgrades if it wants to use abundant midday solar efficiently, rather than constraining it or wasting its value.

5. The AER should commit now to a transparent first-year review

The draft determination would be stronger if it explicitly committed to a public first-year monitoring and evaluation framework for the SSO. The first implementation year should be used to learn, not just to launch.

At a minimum, the AER should publish after the first year: uptake rates by region; bill outcomes for customers who opt in; evidence of actual load shifting into the free window; the share of customers reaching or exceeding the 24 kWh cap; any complaints or evidence of consumer misunderstanding; and observed equity impacts across customer types.

This would also provide a sound basis for future refinements to the SSO in DMO 9 and beyond, including whether the design works adequately for customers in shared buildings and other settings with limited flexibility.

Recommendations

- Retain the draft local-time SSO free windows and the time-of-use structure outside the free period.
- Strengthen public and retailer communication so the SSO is presented as a demand-flexibility mechanism rather than a generic consumer giveaway.
- Require prominent plain-language disclosure of the smart-meter requirement, free-period timing, 24 kWh cap, and the fact that benefits depend on flexible demand.
- Acknowledge explicitly that the SSO's benefits will be uneven and that renters, apartment residents and low-flexibility households may be disadvantaged unless complementary reforms continue.
- Commit to a published post-implementation review after the first year, covering uptake, bill impacts, actual load shifting, equity outcomes and any unintended system or consumer effects.

References used in this submission

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