



# AER Draft Decision and Evoenergy Revised Proposal: Evoenergy Electricity Distribution Determination 2024 – 2029

## ACTCOSS Submission

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## About ACTCOSS

ACTCOSS acknowledges Canberra has been built on the land of the Ngunnawal people and recognises any other people with connection to the lands of the ACT and region. We pay respects to their Elders past and present and recognise the strength and resilience of Aboriginal and Torres Strait Islander people. We celebrate Aboriginal and Torres Strait Islander cultures and ongoing contributions to the community sector and society.

The ACT Council of Social Service Inc. (ACTCOSS) advocates for social justice in the ACT and represents not-for-profit community organisations.

ACTCOSS is a member of the nationwide COSS Network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS's vision is for Canberra to be a just, safe and sustainable community in which everyone has the opportunity for self-determination and a fair share of resources and services.

The membership of the Council includes the majority of community-based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

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## Acronyms

ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Service Inc.
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AEVA	Australian Electric Vehicle Association
Capex	Capital Expenditure
CCP	Consumer Challenge Panel
CER	Consumer Energy Resources
CSIRO	Commonwealth Science and Industrial Research Organisation
DNSP	Distributed Network Service Provider
ECA	Energy Consumers Australia
ECRC	Energy Consumer Reference Council
EN24	Electricity Network regulatory period from 2024 to 2029
EV	Electric Vehicle
ICE	Internal Combustion Engine
ISP	Integrated System Plan
LMRP	Legacy Metering Retirement Plan
NEM	National Electricity Market
NEO	National Energy Objectives
NER	National Electricity Rules
Opex	Operating Expenditure
PV	Photovoltaic
TOU	Time of Use
TSS	Tariff Structure Statement



## Summary of recommendations

### The AER / Evoenergy should:

#### Impact on bills

1. Consider whether steeper bill increases in the first two years of the regulatory period are appropriate in the context of the current cost of living crisis.
2. Transparently indicate what the expected impact to consumers will be of the final decision (i.e. present the expected impacts in real terms, adjusted for the effects of inflation) so the expected impacts on consumers is clearer.

#### Consumer engagement

3. Continue to consult with low-income and vulnerable energy consumers, the community sector and energy advocates representing low-income and vulnerable consumers.
4. Consider whether consulting consumers on network tariffs is the most effective way to achieve the aims of the Better Resets initiative.

#### Capex

5. Explore equity focused options for network load management and reducing peak demand, such as consumer education and investment in residential energy efficiency.
6. Ensure network tariffs do not present a further barrier to EV uptake for low-income consumers.

#### Tariff structure statement

7. Ensure consumers involved in consultation understand the interaction between network tariffs and retail tariffs.
8. Investigate whether consumers should be consulted on network tariffs and whether retailers should be more involved in the construction of network tariffs.
9. Implement residential export tariffs and provide customers with solar the choice to pay export tariffs during peak periods or accept a limit on how much they can export.

#### Metering

10. Include energy consumers and community sector energy consumer advocates in the creation of legacy meter retirement plans (LMRP).



## Introduction

ACTCOSS welcomes the opportunity to comment on the AER's [Draft Decision](#) and Evoenergy's [Revised Regulatory Proposal](#) as part of the AER's electricity distribution determination for the 2024 to 2029 regulatory period. This submission considers both the AER's draft decision and Evoenergy's revised proposal with a focus on the draft decision for simplicity and because the AER is the final decision maker. Not every element of the draft decision has been considered, but ACTCOSS have responded to all the points raised that are pertinent to ACTCOSS' community sector members.

ACTCOSS seeks to ensure that the energy system in the ACT is inclusive as well as sustainable and provides optimal outcomes for all people, communities, and the environment. ACTCOSS' members seek to support ACT low income and vulnerable households and community sector organisations to participate in decision making on energy issues to achieve better consumer outcomes in terms of affordable, reliable, safe, and clean energy as an essential service.

The AER's Draft Decision has responded to the context of change and uncertainty highlighted by Evoenergy's Regulatory Access Proposal and responding submissions. While in the ACT the energy transition is well underway, at the same time, consumers are experiencing a cost of living crisis. More people than ever before are being driven into poverty and the ACT community sector is seeing increasing instances of full time wage earners seeking help for the cost of daily essentials.<sup>1</sup> The cost of living crisis means the cohort experiencing financial hardship is increasing, diversifying, and creeping into higher income brackets.<sup>2</sup> More and more consumers are experiencing or at risk of experiencing energy poverty.

ACTCOSS is striving for a just transition. Swift action on climate change is necessary, because globally and locally, people on the lowest incomes are most effected by climate change but the least able to adapt. Proportionally, people in the two lowest income quintiles spend a greater proportion of their disposable income than other households on energy costs.<sup>3</sup> In 2022, ACTCOSS found that low-income ACT households spent more than 4% of their income on utilities, compared with between 2 – 3% for average and higher-income households. In 2023, research by Energy Consumers Australia (ECA) shows that the energy divide has gotten wider.<sup>4</sup> For those with the least (households with income below \$20,000/year), energy costs represent almost 14% of their total income, up from 12% in 2022. Households earning \$20,000 - \$40,000/year spent over 6% of their total income on energy costs, compared to those with the most (households with income over \$150,000/year), for whom energy costs represent just 2% of their total income (Figure 1). Those with the lowest income spend over five times more on energy than the proportion of income spent on energy by the highest earning group. This means that any pricing changes have a vastly more significant impact on low-income households.

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<sup>1</sup> ACTCOSS, [2023 ACT Community Sector Demand Snapshot](#), April 2023.

<sup>2</sup> NAB, [Consumer Insights Survey: Financial Hardship – Q3 2023](#), December 2023.

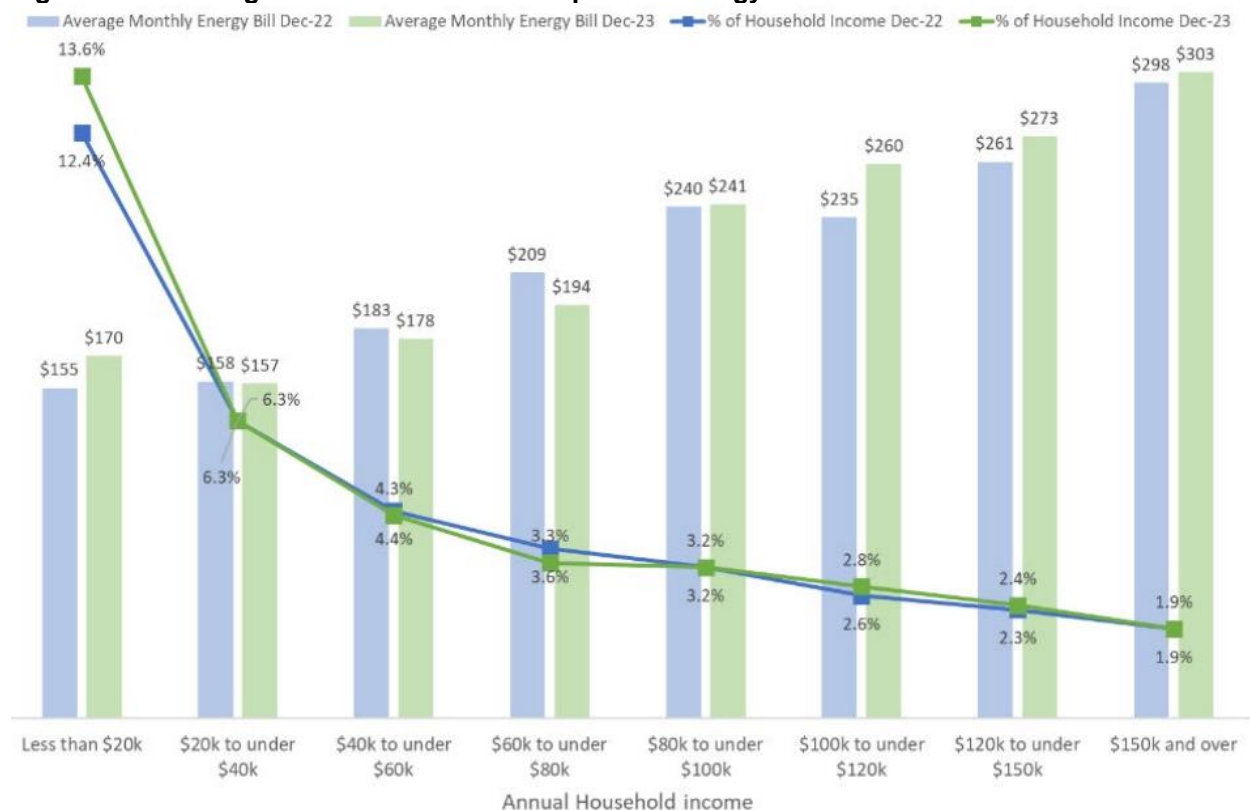
<sup>3</sup> ACTCOSS, [2022 ACT Cost of Living Report](#), May 2022.

<sup>4</sup> Energy Consumers Australia, [Understanding the energy divide](#), December 2023, p.4.





**Figure 1: Percentage of household income spent on energy bills**



Source: Energy Consumers Australia, [Understanding the energy divide](#), December 2023, p.4.

ACTCOSS champions well justified investment to support the energy transition, while keeping affordability as a top priority and our core area of concern. Recent changes to the NEO mean that the AER and Evoenergy must incorporate actions to reduce emissions, and data is clear that ACT consumers want action on climate change. Results from ECA's [December 2023 Energy Consumer Sentiment Survey](#) show that ACT consumers are much more likely than those in other states and territories to think the energy transition is important and they are the most likely in Australia to think the transition needs to be faster. However, ACT consumers' confidence in the overall energy market is also the lowest of any state and territory. Action to address climate change must be fair, fast and inclusive. It should be balanced with energy affordability and challenge the assumption that everyone is currently benefiting or will inevitably benefit from the energy transition regardless of how it is undertaken.

Our submission considers updates in data that have been made available since Evoenergy released its original proposal, including about the rate of EV uptake and charging patterns and the continued increases in cost of living. The draft decision sees an estimated average increase of \$14 per year to the whole electricity bill. While any increase in the cost of electricity bills is unacceptable for those already struggling to afford the energy they need, under the AER's draft decision, consumers would be better off than under Evoenergy's original proposal.



# Impact on bills

## Recommendations

1. Consider whether steeper bill increases in the first two years of the regulatory period are appropriate in the context of the current cost of living crisis.
2. Transparently indicate what the expected impact to consumers will be of the final decision (i.e. present the expected impacts in real terms, adjusted for the effects of inflation) so the expected impacts on consumers is clearer.

Consumers would see smaller nominal electricity bill increases under the AER’s draft decision (Table 1). Evoenergy’s original proposal would have caused an estimated average electricity bill increase of \$26/year (nominal) throughout 2024-29. However, the annual increase ranged from \$77 in 2024-25 to \$7 in 2025-26.<sup>5</sup> Under the AER’s draft decision, estimated modelled impacts show a reduction in average network charges by 0.5% (real / including the effects of inflation) by 2029. Subject to energy consumption, consumers would experience an estimated average increase of \$14/year to their annual electricity bill or about \$70 (3%) by 2029 (nominal).<sup>6</sup> Evoenergy’s revised proposal would see an increase in average network charges of 3% over the whole regulatory period, would equate to an estimated electricity bill increase of \$16/year (nominal).<sup>7</sup>

**Table 1: Summary of estimated average annual change to electricity bills**

Impact	Evoenergy Regulatory Proposal	AER Draft Decision	Evoenergy Revised Proposal
Estimated average annual change (nominal)	+ \$26	+ \$14	+ \$16

However, in both the AER’s draft decision and Evoenergy’s revised proposal it is important to note that the yearly increases in price are not evenly spread across the regulatory period. Under both scenarios there would be a total increase in bills over the whole regulatory period, but bill increases would be higher in the first two years of the regulatory period.<sup>8</sup> The AER’s draft decision would see bill increases of just around \$40 in 2024-25 and 2025-26 and then bill decreases of \$2-3 for the rest of the regulatory period. In comparison, Evoenergy’s revised proposal would see bill increases of around \$50 in both the first two years and then bill decreases of between \$10 and \$2 in the last three years. Regardless of when the investment is conducted or paid for, the network component of bills should be smoothed across the regulatory period to provide price consistency for consumers.

<sup>5</sup> Evoenergy, [Regulatory proposal For the ACT electricity distribution network 1 July 2024 to 30 June 2029](#), AER website, January 2023, p.65.

<sup>6</sup> AER, [Draft Decision: Evoenergy Electricity Distribution Determination 2024 to 2029](#), September 2023, p.17-18.

<sup>7</sup> Evoenergy, [Revised regulatory proposal: Evoenergy electricity distribution determination 2024 to 2029](#), November 2023, p.42.

<sup>8</sup> Evoenergy, [Revised regulatory proposal](#), p.41-42.





In the context of the current cost of living crisis, the AER should consider whether steeper increases in the first two years is appropriate. It is also important to note that in both the AER's draft decision and Evoenergy's revised proposal, most estimates changes to bills are presented in nominal terms (excluding the impact of inflation) and exclude the impact of consumer energy use. Without including the impacts of inflation it is difficult for consumers to understand what the material effect of these proposed changes will be. The AER should transparently indicate what the expected impact to consumers will be of the final decision (i.e. present the expected impacts in real terms, adjusted for the effects of inflation) so the expected impacts on consumers is clearer.

## The role of consumer engagement

### Recommendations

3. Continue to consult with low-income and vulnerable energy consumers, the community sector and energy advocates representing low-income and vulnerable consumers.
4. Consider whether consulting consumers on network tariffs is the most effective way to achieve the aims of the Better Resets initiative.

According to the AER's [Better Resets Handbook](#), distributed network service providers (DNSPs) like Evoenergy are required to engage and consult with consumers in the creation of their regulatory proposals. For Evoenergy's regulatory proposal, ACTCOSS was involved in liaison and coordination of some of the consumer consultation. Broadly, ACTCOSS were pleased with the level and nature of the consultation, with some areas for continual improvement. However, ACTCOSS was not involved in the consumer consultation for Evoenergy's revised proposal.

As part of Evoenergy's revised proposal engagement, ACTCOSS were broadly pleased with the review and refresh of the Energy Consumer Reference Council (ECRC). ACTCOSS believe the ECRC now better reflects the diversity of the Canberra community, including membership from the community sector, Australian Electric Vehicle Association (AEVA) and the ACT Ministerial Advisory Council for Multiculturalism. However, there are still significant gaps in representation from marginalised consumers such as First Nations communities and people with disabilities.

ACTCOSS welcomes Evoenergy's engagement with retailers on opportunities to simplify their tariffs. ACTCOSS was not involved in Evoenergy's Deep Dive Panel or Energy Matters Forum, so cannot comment on the nature of consumer engagement beyond the ECRC for the revised proposal. However, ACTCOSS note that that key themes raised by the Deep Dive Panel are consistent with ACTCOSS' longstanding advocacy positions on energy and a just transition,<sup>9</sup> including:

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<sup>9</sup> Evoenergy, *Revised regulatory proposal*, p.23.



- Ensure that no one is disadvantaged or left behind.
- Enhanced consumer education on tariffs required due to complexity, involving various parties across the energy sector and governments.

ACTCOSS agrees with many of the comments raised by the AER's Consumer Challenge Panel (CCP), particularly around the depth and breadth of consumer engagement on capex, opex and tariffs. ACTCOSS also agree and seek to highlight that "an opportunity for Evoenergy to improve its consumer engagement is in hearing what customers are saying, including the diversity of consumer views ... recognising that affordability has been a central issue in consumer feedback".<sup>10</sup>

More broadly ACTCOSS wishes to challenge the relevance of DNSPs consulting on network tariffs that are not passed on to consumers by retailers. From Evoenergy's original proposal, the draft decision and the revised proposal it is unclear to what extent consumers who were engaged understand that network tariffs are price signals to the retailer rather than the customer. ACTCOSS think there needs to be a broader discussion about whether network tariffs should be required to be passed on, or whether this structure is the most effective way of consulting consumers.

## Capex

### Recommendations

5. Explore equity focused options for network load management and reducing peak demand, such as consumer education and investment in residential energy efficiency.
6. Ensure network tariffs do not present a further barrier to EV uptake for low-income consumers.

## Context of change

In the ACT the energy transition is well underway and this will require investment in the electricity network due to the phase out of fossil fuel gas, increased use of EVs, and CER (such as residential solar and batteries). However, based on submissions provided to the AER Issues Paper [Evoenergy Electricity Distribution Determination 1 July 2024 – 30 June 2029](#) and updated data released since Evoenergy's original proposal, ACTCOSS considers that some of the assumptions about the amount of capex required were likely over overestimated. According to ACT Government modelling,<sup>11</sup> the transition to an all-electric city will have the most impact on winter morning peak demand, with space heating as the main driver.<sup>12</sup> This indicates that the impact of EVs may not be as large as originally estimated.

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<sup>10</sup> AER, *Draft Decision*, p.x.

<sup>11</sup> Expected publication in January 2024 on the [Everyday Climate Choices](#) website.

<sup>12</sup> ACT Government, S Rattenbury MLA, [Submission: 2024-29 Electricity Determination – Evoenergy](#), May 2023, p.8.



While an increase in residential solar uptake is expected throughout EN24 and will assist the energy transition, this will not aid in meeting peak demand during winter. To reduce peak demand and therefore capex needs and costs to consumers, ACTCOSS recommends that Evoenergy and the ACT Government explore more equity focused options for network load management such as consumer education and investment in residential energy efficiency, alongside other demand management strategies, non-network solutions and price signals.

While there has been stronger than expected uptake of EVs in the ACT since the modelling for Evoenergy's original regulatory proposal, CSIRO's updated modelling for AEMO's [2024 Integrated System Plan](#) (ISP) shows that patterns of consumer behaviour are considerably different than originally assumed.<sup>13</sup> Evoenergy's original proposal assumed a high degree of convenience charging during peak demand periods and did not take into account that in reality most EV charging occurs outside of peak demand periods<sup>14</sup> and uses less kilowatts than assumed.<sup>15</sup>

Additionally, CSIRO's modelling highlights that due to market and government policies such as the ACT Government internal combustion engine (ICE) car sales ban by 2035, the car industry will eventually stop providing sales, support and maintenance of, and fuel for, ICE cars.<sup>16</sup> As Canberra is a car dependent city, and low-income consumers are more dependent on cars for transport,<sup>17</sup> this wind-down may mean that without significant investment in public transport or support to access EVs, vulnerable and low-income consumers may be left less mobile than those who can afford EVs. ACTCOSS recommends that, in principle, tariffs should not present a further barrier to EV uptake for low-income consumers.

So far, the impacts of electrification and EVs may have been overstated, so in reality not as much capex is required as originally proposed. ACTCOSS is pleased to see that the AER's draft decision and Evoenergy's revised proposal has considerably scaled down the level of capex.

## Contingent project

ACTCOSS supports the AER's draft decision to not accept Evoenergy's proposed contingent project. ACTCOSS agree that Evoenergy did not provide enough information about the proposed triggers in terms of necessity, location or specificity. Due to the fast rate of change with which the ACT energy transition is occurring, ACTCOSS may be supportive of a contingent project as a way to manage uncertainty, with more clearly defined trigger events. However, in their revised proposal Evoenergy have withdrawn their proposed contingent project and note that there are existing mechanisms within the NER that would enable a review of the

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<sup>13</sup> P Graham, [Electric vehicle projections 2022](#), CSIRO, November 2022.

<sup>14</sup> R De Rango, [Home EV charging and the grid: impact to 2030 in Australia](#), AEVA, August 2022.

<sup>15</sup> P Graham, [Electric vehicle projections 2022](#), p.vi.

<sup>16</sup> P Graham, [Electric vehicle projections 2022](#), p.v.

<sup>17</sup> ACTCOSS, [Submission to inquiry into EV adoption in the ACT](#), August 2022.



capex decision if unanticipated changes in network demand requires unforeseen investment.<sup>18</sup>

## Tariff structure statement

### Recommendations

7. Ensure consumers involved in consultation understand the interaction between network tariffs and retail tariffs.
8. Investigate whether consumers should be consulted on network tariffs and whether retailers should be more involved in the construction of network tariffs.
9. Implement residential export tariffs and provide customers with solar the choice to pay export tariffs during peak periods or accept a limit on how much they can export.

## Capex and tariff integration

The AER's draft decision states that Evoenergy's capex and network tariffs should be integrated in a way that better utilises existing electricity network assets. ACTCOSS considers that this may be true if network tariffs are passed on to consumers by electricity retailers and if consumers can and do respond to these price signals. However, electricity retailers are not required to and overwhelmingly do not pass on the cost structures of network tariffs. Research also shows that vulnerable and low-income consumers often cannot and/or do not respond to them.<sup>19</sup> Full electrification means some investment will be required but more work needs to be done on whether price signals are an appropriate or effective way to manage network load (noting that AER predictions show that network price increases will be less under the AER's draft decision).

Many beliefs about the benefits and weaknesses of the proposed network tariffs are based on a range of assumptions that don't occur i.e. electricity retailers mostly do not pass on the underlying price structures set by network tariffs. It is not clear whether consumers who were engaged understand the interaction between network and retail tariffs and that they are not passed on. Therefore, it is probable they have been consulted on a series of price structures that never apply to them. If network tariffs are meant to be signals to the retailer, then retailers should be much more involved in the construction of network tariffs. Additionally, the subject and details of the consultation topic need to be made much clear to consumers.

ACTCOSS is pleased to see Evoenergy has done more consultation with ACT electricity retailers in the formation of their revised proposal. However, ACTCOSS are not convinced that the assumption that cost reflective network tariffs encourage retailer innovation holds true in a non-competitive jurisdiction such as the ACT.

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<sup>18</sup> Evoenergy, *Revised regulatory proposal*, p.19.

<sup>19</sup> SECNewgate Australia and Endeavour Energy, [Cost-reflective Tariffs – Customer Insights Knowledge Review](#), January 2023.



## Approved elements

In their draft decision the AER has approved some elements of Evoenergy's proposed tariffs including residential time-of-use (TOU) and demand tariffs. ACTCOSS appreciate Evoenergy's attempt to simplify and align the tariff structures, particularly the removal of the inclining block charge. However, ACTCOSS remain concerned about how TOU and demand tariffs will impact on low-income and vulnerable consumers who cannot respond to them.

The AER's draft decision is also to accept Evoenergy's proposal that once a customer has a smart meter installed, they will be automatically assigned to the residential demand tariff but can opt out to the TOU tariff. Again, how this may affect the customer depends on whether the retailer passes these price structures on and their ability to respond. It is important to acknowledge that not all consumers can or will benefit from these price structures. Automatic assignment (whether by the DNSP or retailer) must be clearly communicated to the consumer and the option to opt out made clear. Regardless of whether the customer has a smart meter yet or not, TOU and demand tariffs mean that people without CER, who work outside the home, or have children, or who otherwise cannot shift their energy use, will pay disproportionately more for their electricity needs.

If cost reflective network tariffs are about managing the impact on the network rather than providing benefit to consumers, ACTCOSS wishes to question whether it should be the responsibility of consumers to manage network load. ACTCOSS propose that governments and DNSPs should be responsible for managing the network and consumers should be able to access the energy as an essential service that they need to maintain their wellbeing.

In their draft decision the AER accepted Evoenergy's original proposal for residential export tariffs (where customers with residential solar systems are charged for exporting excess electricity to the network at times when exports peak).<sup>20</sup> However, in their revised proposal Evoenergy have removed the residential export tariff as part of the simplification of their tariffs.<sup>21</sup> While ACTCOSS agree with the principle that tariffs should be simple for consumers to understand, ACTCOSS also consider export tariffs to be more equitable, as they keep the network component of electricity bills lower, of which low-income consumers have less control over and pay more of. Export tariffs reduce the amount that low-income consumers (who are less likely to have solar) pay for the network impacts caused by those with CER.

CER (particularly residential solar PV systems) are seen as an important way of reducing emissions and bringing electricity bills down, but there are equity implications around who pays for the impact of CER on the network. Currently network costs are spread across all customers, but it is not transparent who pays for what and how this interacts with what retailers charge people. Vulnerable and low-

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<sup>20</sup> AER, [Draft Decision Attachment 19 - Tariff structure statement - Evoenergy - 2024-29 Distribution revenue proposal](#), September 2023, p.4.

<sup>21</sup> Evoenergy, [Attachment 4: Revised Tariff Structure Statement Revised regulatory proposal for the Evoenergy electricity distribution determination 2024 to 2029](#), November 2023, p.7.



income consumers are less able to access CER but still pay for the impact on the network. For example, renters (around one in three households) cannot install solar, so they rely more heavily on and pay more for the electricity network than those with solar. Export tariffs would benefit both network security and customers, whereas under the current system and Evoenergy's revised proposal, low-income customers are paying disproportionately more of the network costs. Non-solar households effectively subsidise the impact on the network of solar households.<sup>22</sup> ACTCOSS agrees with the AER's draft decision and considers that customers with solar should be given the choice to pay export tariffs during peak periods or accept a limit on how much they can export. While some may say that export tariffs are a potential barrier to uptake of CER, ACTCOSS believe export tariffs are more equitable because they mean households with solar pay for the impact that they have on the network.

## Adjustments required

ACTCOSS agree with the AER's draft decision that in Evoenergy's revised proposal they should:

- develop an opt-in controlled load tariff to incentivise EV owners to charge in ways that do not drive network investment
- provide more clearly defined trigger events for proposed contingent tariff adjustments, and
- remove its contingent tariff adjustment to mandatorily assign EV owners with fast chargers to residential demand tariffs.<sup>23</sup>

ACTCOSS are pleased to see that there are clear links between stakeholder feedback and what Evoenergy have updated in their revised proposal.<sup>24</sup>

## Metering

### Recommendation

10. Include energy consumers and community sector energy consumer advocates in the creation of legacy meter retirement plans (LMRP).

The AER's draft decision is in line with the AEMC's recommendation that the NEM achieve 100% smart meter roll out by 2030.<sup>25</sup> In the ACT the uptake of smart meters has been slower than in other jurisdictions. While they can provide benefits to consumers, the assumption that smart meters will provide universal benefit (especially to low-income consumers) needs to be carefully examined.

<sup>22</sup> T Wood & D Blowers, [Sunset, sunrise: how Australia can finally get solar power right](#), Grattan Institute, May 2025.

<sup>23</sup> AER, *Draft Decision Attachment 19 - Tariff structure statement*, p.4.

<sup>24</sup> AER, *Draft Decision Attachment 19 - Tariff structure statement*, p.10.

<sup>25</sup> AEMC, [Final report: Review of the regulatory framework for metering services](#), August 2023.





## Automatic assignment to TOU tariffs

In the 2019–24 regulatory control period, residential ACT consumers with a smart meter were assigned by default to the residential demand tariff and can opt-out to the residential TOU tariff. In the 2024–29 regulatory period, Evoenergy proposes to continue this assignment policy. Residential consumers with smart meters will be assigned by default to the proposed residential demand tariff, with the choice to opt out to the proposed residential TOU tariff.

ACTCOSS remains concerned that there are substantial unaddressed equity issues with the automatic assignment of customers to these price structures that is facilitated by the roll out of smart meters. Research shows that low-income households do not respond to TOU prices<sup>26</sup> and that they produce disproportionately more benefit for high-income households.<sup>27</sup> The smart meter rollout and enduring policy support for TOU tariffs has not resulted in more responsiveness to TOU prices. While freedom to select TOU tariffs is valuable for consumers who can respond, research does not support the imposition of TOU tariffs as a default pricing policy.

## Rollout and costs

The AER's draft decision seeks to mitigate the inequitable price increases to individual customers by recovering costs across a wider customer base.<sup>28</sup> They propose to achieve this by recovering costs from all customers who both currently have or who have had a legacy meter in the past (i.e. all customers). The AER considers cost recovery for the metering transition across all customers as the most equitable solution as all customers will receive the whole-of-system benefits that smart meters provide.

ACTCOSS considers that this could be true because it means that those already benefiting from smart meters continue to pay for the metering transition. However, the potential equity depends on the implementation of Evoenergy's legacy metering retirement plan (LMRP), so the proposal can't currently be assessed for its contribution to equity. Depending on how the LMRP is implemented (i.e. if low-income households are left until last), this could simply be a continuation of the current pattern where low-income customers are subsidising everyone else to receive benefits but are less able to benefit themselves from the transition. To increase the likelihood that the rollout will be equitable and produce universal benefits, LMRPs should be created in consultation with energy consumers as well as energy consumer advocates.

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<sup>26</sup> K Burns & B Mountain, [Do households respond to Time-Of-Use tariffs? Evidence from Australia](#), Victoria Energy Policy Centre, Victoria University, VEPC Working Paper WP2007, June 2020.

<sup>27</sup> T Yunusov & J Torriti, ['Distributional effects of Time of Use tariffs based on electricity demand and time use'](#), *Energy Policy*, 2021, 156:112412, doi:10.1016/j.enpol.2021.112412.

<sup>28</sup> AER, [Draft Decision Attachment 20 - Metering Services - Evoenergy - 2024-29 Distribution revenue proposal](#), September 2023, p.7.

# Thank you

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