UNLOCKING VALUE FOR CUSTOMERS - AT A GLANCE

2016 Prepare	2021 Deliver	2026 Enhance	2050 Benefit
6 GW solar	13GW solar, 7GWh batteries	26 GW solar, 32GWh batteries	72GW solar, 87GWh batteries
17% customers with DER	27% customers with DER	42% customers with DER	61% customers with DER
99% residential customers on legacy tariff	13% residential customers on legacy tariff	11% residential customers on legacy tariff	<3% residential customers on legacy tariff
Average network charge of $625 represents 42% of the average amount spent by customers on electricity	Average network charge of $571 represents 37% of the average amount spent by customers on electricity	Average network charge of $550 represents 39% of the average amount spent by customers on electricity	Average network charge of $439 represents 23% of the average amount spent by customers on electricity
» Consult on "future-proofing" network tariffs » Retailers to develop new pricing arrangements for maximum demand tariffs » Accelerate smart meter programs » Trial new network tariffs for SAPS » Trial of new locational/dynamic signals » Ensure customer support and decision-making tools; well targeted concession schemes for vulnerable customers	» High penetration of smart meters » Customers assigned to refined demand tariffs with the option to revert back to legacy tariff » Retailers offer range of new pricing arrangements » Networks establish DER information and locational value of DER	» Networks buy grid services (directly or indirectly) from DER customers for locational, dynamic benefits » New locational programs allow customers to 'opt in' to sell DER services to networks » One in three customers participate in dynamic incentive layer offered by networks » 7% of customers with SAPS enjoy benefits of being on grid but with lower prices	» The majority of customers are subject to dynamic, locational incentives or standalone power system integration » 31% of customers with SAPS enjoy benefits of being on grid but with lower prices » Non-coincident zone substation demand is below 2016 levels

Key Findings

1. An earlier transition to demand based tariffs could save customers over 10% per year on average network bills by 2026 and achieve economic benefits of $1.8 billion.
2. Consistent with international studies, waiting for customers to "Opt In" to new network tariffs fails to achieve timely take up of fair and efficient tariffs, with 70% of customers remaining on legacy tariffs in 2026.
3. By contrast, customers can be assigned to demand tariffs, with a choice to "Opt Out" while achieving effective reform – less than 10% choose to return to legacy tariffs.
4. Smart meters are essential to enabling demand based tariffs and will require close monitoring by policy makers to ensure market-led deployments are effective.
5. Without actively assigning customers to demand-tariffs, 60% of forecast smart meters will remain unused for cost-reflective tariffs in 2050, resulting in $2.7 billion in under-utilised investment.
6. As technologies like batteries become smarter and cheaper, demand based network tariff structures will need to be refined further to be resilient and deliver greater benefits.
7. If Networks buy grid services from DER Customers, this 'orchestration' could replace the need for $16.2 billion in network investment, avoid cross subsidies, and lower average network bills by around 30% compared to today.
8. New pricing frameworks should allow customers with standalone power systems to remain grid connected in a way that benefits all customers

Note: Figures sourced from Scenario 5 of the Energeia Network Pricing and Incentives Reform report

Realised Benefits of Reform

2026	2050
Average network bills over 10% lower than what they were in 2016	Average network bills around 30% lower than what they were in 2016
$1.4 billion of cross subsidies avoided	$18.6 billion of cross subsidies avoided
$1.4 billion of network investment avoided	$16.2 billion of network investment avoided
$1.8 billion of net economic benefit	$16.7 billion of net economic benefit