UNLOCKING VALUE FOR CUSTOMERS - AT A GLANCE



6 GW solar

17% customers with DER



13GW solar, 7GWh batteries





26 GW solar, 32GWh batteries



72GW solar, 87GWh batteries



27% customers with DER



42% customers with DER



61% customers with DER



99% residential customers on legacy tariff



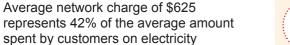
13% residential customers on legacy tariff



11% residential customers on legacy tariff



<3% residential customers on legacy tariff





Average network charge of \$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

Prepare



Deliver



2026 **Enhance**



Benefit

- » 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 DFR
- » 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
- » 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.
- 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.
- 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.
- 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.
- New pricing frameworks should allow customers with standalone power systems to remain grid connected in a way that benefits all customers

Realised Benefits of Reform





Average network bills over 10% lower than what they were in 2016



2050

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

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