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Department of Climate Change, Energy, the Environment and Water
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Submitted electronically via at: SolarSharerOffer@dcceew.gov.au

Clean Energy Council Submission to the Federal Department of Climate Change, Energy, the Environment and Water Solar Sharer Offer - Consultation Paper 2025-26

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) on its Consultation Paper on the proposed Solar Sharer Offer (SSO).

The CEC is the peak body for the clean energy industry in Australia. We represent and collaborate with leading renewable energy and storage companies, alongside key stakeholders in the National Electricity Market (NEM), to help drive Australia's transition to a smarter, cleaner, and more flexible energy system.

The CEC supports the underlying policy goal of improving demand flexibility across the grid to lower costs, make better use of renewable generation and reduce bills for all consumers. Greater flexibility in how and when energy is consumed can deliver substantial system-wide benefits, reducing peak demand, avoiding unnecessary network investment and helping integrate more renewable energy into the grid.

The SSO proposal represents one possible mechanism to support this shift in behaviour by encouraging households to use more electricity during periods of high solar generation. The CEC does not take a position on the final design of the SSO at this stage but supports DCCEEW's broader objective of empowering consumers to actively participate in energy use and demand management.

For context, rooftop solar continues to underpin Australia's clean-energy transformation.

- In Q3 2024, rooftop solar contributed 38.5% of total renewable generation in the NEM — ahead of grid-scale solar (18.3%) and wind (13.4%).
- In Q4 2024, maximum instantaneous distributed PV output reached around 14,980 MW.
- In Q1 2025, rooftop solar output grew by around 16% year-on-year, with renewables accounting for roughly 43% of total NEM supply.

Complementary programs such as the Cheaper Home Battery Program (CHBP) have also accelerated battery uptake, with more than 120,000 systems installed within four months, helping consumers store excess solar generation for evening use and easing demand during peak periods.

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The CEC's '*It's Time to Back Batteries*' campaign[1] demonstrated at least $190m of system wide net benefits of home storage, and the CHBP is already starting to deliver these benefit cost savings to all consumers.
We also support the further sharing of rooftop solar benefits to those consumers who cannot access the direct benefits of rooftop solar and/or home batteries.

The Consultation Paper notes that a range of retailers already offer innovative products featuring free or low-cost electricity windows in the middle of the day, designed to encourage consumers to shift their usage into periods of high solar generation. The proposed SSO incorporates several of these existing design elements, including defined free-usage periods, the requirement for a smart meter, and customer opt-in arrangements. From a policy perspective, it will be important that any proposed regulated SSO complements rather than duplicates these market innovations. Regulation should aim to address genuine market gaps or failures, such as:

- inconsistent access for certain types of consumer types and/or in certain locations, and
- transparency of important information that allows for informed consumer.

Rather than standardising offers that are already effectively delivering demand flexibility and consumer choice in competitive retail markets.

To ensure that any SSO design delivers genuine affordability and system benefits, it should be considered within the broader energy-market and regulatory framework. The CEC highlights several key policy areas that warrant careful attention before final decisions are made:

Network tariff alignment

The Consultation paper highlights that introducing a regulated offer with a free-usage window must be supported by changes to how networks set and charge tariffs. This alignment is essential to ensure that implementation of the SSO meets the initiative's objectives and does not lead to unintended cost shifting or inequities. Currently, network tariffs in many distribution zones are still largely built around traditional peak demand periods (often late afternoon/evening) and flat usage charges. If the network tariff structure is not adjusted, then the shift in consumption may not reduce the network cost burden or may shift cost burdens onto other users.

For example, if many households shift consumption to the free window but networks continue charging high prices for consumption or export around the old peak hours, the cost may be recovered in ways that disadvantage those who cannot shift or who are off the new schedule.

Dynamic pricing

Any SSO proposal must complement, and be carefully aligned with, emerging dynamic pricing reforms to ensure the SSO does not blunt or undermine the wider system benefits that dynamic pricing can deliver.

Dynamic network pricing can more efficiently signal where and when flexibility is needed. This is especially powerful when combined with SSO proposal. Dynamic tariffs reward consumers for consuming or exporting when the grid is underutilised, and prices are higher and more reflective when

[1] PowerPoint Presentation

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the network is constrained. This encourages demand shifting, which reduces or flattens peak load, alleviates network stress, and defers or reduces the need for costly grid reinforcement.

The SSO proposed "free window" can act as complementary measure and an incentive for consumer cohorts who are unable to use or access CER products and services to respond to dynamic prices.

Wholesale hedging costs

The SSO's proposed midday free-usage window would reshape retail load profiles. Some retailers may face challenges in accessing suitable hedge or contract products aligned to this load shape. Further industry consultation should assess whether new market products or mechanisms are needed to manage these risks without raising costs for consumers.

Retail product flexibility and innovation

The SSO must avoid crowding out retail offers that are already in the market and consumers are actively participating in, as well as new offers coming to market. For example, the ACCC inquiry shows that customers participating in behavioural response programs has increased significantly in the last few years, up around 64% from June 2022 (approximately 489,000 participants) to January 2025 (approximately 801,000 participants)[2].

The SSO should act as a baseline or reference point, not a constraint, for innovation. Retailers should retain the flexibility to offer alternative or dynamic time-of-use products, battery- and EV-linked tariffs, or smart automation services that reflect evolving wholesale and network conditions. Maintaining competitive and innovative retail markets will maximise the system value of consumer energy resources.

Cost recovery

If retailers are required to provide electricity at zero cost during the SSO window but the proposed Default Market Offer (DMO8) cap does not allow them to adjust prices at other times, retailers will not be able to recover their costs as outlined in sections above. The DMO8 should explicitly recognise and include theses cost of the free-usage window so both frameworks work together.

Consumer engagement, education and information on the benefits of demand flexibility

The Consultation Paper notes one of the objectives of the SSO is to shift consumer demand away from peak periods. The Paper outlines an awareness program to notify eligible customers of the SSO as part of a bill notification as well as on Energy Made Easy website. However, the SSO should be underpinned by a broader education and information demand-flexibility campaign to raise awareness of what demand flexibility is, how households can participate (what actions, what loads, what benefits etc).

Free usage window

[2] See page 49, Inquiry into the National Electricity Market - July 2025 report

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The SSO must balance the simplicity of a fixed national free usage window with the practical need for flexibility across different distribution zones. A single, uniform window is easy to communicate but may not align with local solar generation patterns or network conditions.

In contrast, a variable window, set by distribution network area or based on when solar output is highest, can better support system efficiency and avoid creating new operational issues. Hot-water load shifting provides a useful example were distribution networks often stagger controlled-load heating times to prevent large, simultaneous demand spikes. Applying the same logic to the SSO could reduce voltage stress, spread load more evenly and improve network stability.

Expanding the Cheaper Home Battery Program (CHBP)

The CHBP currently supports only the installation of solar and battery systems or adding a battery to an existing solar setup. However, this design excludes many potential users, especially those who cannot or do not want to install rooftop solar panels, such as:

- Residents in apartment buildings who may lease or lack roof access
- Consumers using small storage units (e.g., rented mini-storage, shared facilities) who nonetheless could benefit from energy storage.

By broadening the CHBP to permit battery-only systems, these cohorts can participate by being able to charge using the "3-free hours" (or other off-peak times) and then discharge during evening peak. This is in line with the SSO objectives of smoothing demand peaks, absorb excess solar generation and offer a stronger incentive for non-solar households to adopt storage. This addresses a market failure and allows a cohort of consumers who may not otherwise be able to benefit from distributed renewable energy generation and storage.

Germany offers a case study for how battery-only or small-scale home storage systems can be effectively promoted, even for non-main-roof households. Since April 2025, the German government has officially allowed plug-and-play home energy storage systems that can be simply plugged into a regular household socket, without the need for specialist installation[3]. Germany's allowance of plug-in storage systems demonstrates that battery only approaches can be deployed without requiring full rooftop solar. This is directly analogous to extending CHBP to people in apartments or small storage spaces and allowing them to take advantage of middle of day excess rooftop solar generation and 'free energy' window.

[3] Germany Approves Plug-and-Play Home Energy Storage Systems

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In conclusion, the CEC recommends the government work with market participants through a co-design process on the final design of the SSO to ensure the SSO meets its objectives and does not lead to unintended outcomes.

Only by working collaboratively with industry and aligning the SSO with broader policy reforms including network tariff and dynamic pricing, wholesale market arrangements, retail innovation, consumer engagement, and expanded battery support, as well as understanding wider system operational needs can the government ensure the SSO is fair, workable and delivers its intended system-wide benefits.

If you have any queries or would like to discuss the submission in more detail, please contact Con Hristodoulidis (christodoulidis@cleanenergycouncil.org.au)

Kind regards,

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