



Australian Government

Department of Climate Change, Energy,
the Environment and Water

SOLAR SHARER OFFER (SSO)

Consultation Paper 2025–26



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Cataloguing data

This publication (and any material sourced from it) should be attributed as: DCCEEW 2025, *Solar Sharer Offer Consultation Paper*, Department of Climate Change, Energy, the Environment and Water, Canberra, November. CC BY 4.0.

This publication is available at consult.dcceew.gov.au

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Acknowledgement of Country

We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to land, waters, and culture. We pay our respects to their Elders past and present.

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Abbreviations

ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
AEMO	Australian Energy market Operator
ASX	Australian Securities Exchange
CER	Consumer Energy Resources
DMO	Default Market Offer
DCCEEW/Department	Department of Climate Change, Energy, the Environment and Water
DPV	Distributed Photovoltaics
DER	Distributed Energy Resources
EBRF	Energy Bill Relief Fund
ESCV	Essential Services Commission (Victoria)
EV	Electric vehicle
FiT	Feed-In Tariff
FPP	Free Power Period offer
MRC	Market Retail Contract
NEM	National Electricity Market
NECF	National Energy Customer Framework
NERL	National Energy Retail Law
NERR	National Energy Retail Rules
OTC	Over the Counter
PV	Photovoltaics
REPI	Retail Electricity Pricing Inquiry
SEQ	South-East Queensland
SRC	Standard Market Contract
SSO	Solar Sharer Offer
TOU	Time of Use
VDO	Victorian Default Offer

Executive Summary

Australia has emerged as a global leader in rooftop solar adoption, with approximately one in three households now generating their own electricity. This widespread uptake of rooftop solar has had a profound impact on the National Energy Market (NEM). Between 2019 and 2024, demand for grid-supplied electricity during the middle of the day significantly declined. However, over the past decade, residential solar photovoltaic (PV) deployment in Australia has grown strongly and is projected to continue expanding materially over the coming decades. According to Australian Energy Market Operator's (AEMO)'s 2024 - Projections of distributed solar PV and battery uptake,¹ distributed (non-scheduled) rooftop solar capacity is expected to rise from current levels into the tens of gigawatts across all scenarios.

As more households generate and consumer their own electricity, and feed the excess back into the grid, the demand for electricity during the middle of the day reduces. Consumers experience this through lower feed-in tariff rates being offered by retailers for exporting excess generation during these times. The accelerating uptake of rooftop solar PV and other consumer energy resources creates an opportunity to develop and implement policies that take advantage of the bidirectional energy system and enable consumers to benefit from daytime solar generation while helping to reduce overall system costs.

The substantial uptake of rooftop solar across Australia is lowering the cost of electricity for customers and provides an incredible opportunity to place households at the heart of the energy transition. To support this, the Government will implement a new requirement for retailers to offer residential customers with smart meters a Solar Sharer Offer (SSO) standing offer tariff, regardless of whether they have rooftop solar or battery systems. This tariff includes a free power usage period that will enable residential customers to benefit from shifting electricity consumption into defined intervals during the day.

This paper presents the proposed design of the SSO and seeks stakeholder feedback on the application and implementation of this new standing offer tariff to maximise its benefits to customers and the market. The intention is for the SSO to be made available from the 1 July 2026 in distribution regions subject to the Default Market Offer (DMO).² Further consultation will be undertaken on potentially rolling out a nationally available SSO, or an equivalent offer, in non-DMO jurisdictions.

Benefits of the SSO requirement

There are numerous benefits from introducing the requirement for retailers to offer an SSO.

An SSO will promote more equal access to the benefits of high solar generation to residential electricity customers and help address affordability challenges facing customers through making a clear and simple tariff option available under which customers pay \$0 for electricity they use during specified periods of each day.³

An SSO will lower system costs through smoothing the consumption profile over the day. This delivers savings and efficiencies in network capacity. Retailers could also benefit from lower hedging and risk management costs as the shift in consumption patterns could reduce price levels and decrease volatility.

The SSO will also promote grid reliability and stability through the determination of free usage consumption bands that align with the relevant low wholesale price periods in the region, thereby relieving the pressure

¹ [GEM 2024 Solar PV and Battery Projections Report](#).

² NSW, South Australia and South-East Queensland.

³ Under an SSO the variable or usage charge would be \$0 during specified periods.

on the infrastructure needed to ensure secure supply of electricity. This may help mitigate network operation and management challenges associated with excess solar output during the daytime, including the voltage and power quality issues being observed by the distribution networks.

By encouraging customers to shift more of their electricity usage into the zero-cost usage window, the initiative will promote smarter energy consumption. For instance, households could move hot water heating to these times and charge electric vehicles while parked at their premises. This shift would help reduce demand during peak periods which should put downward pressure on system costs during these periods.

A smoother consumption profile should also reduce retailer risk management and hedging costs and could prevent the need for expensive investment in network capacity to manage rising peaks during the evening. Currently, only around 10 per cent of network capacity is used outside of peak times.

It is crucial that all Australians can benefit from the energy transition and the growth of customer energy resources such as solar PV and batteries. There are currently barriers to fair and equal access to electricity offers that provide benefits to customers consuming electricity when there is high rooftop solar generation. The introduction of the SSO will give residential customers with smart meters the incentive to lower their electricity bills by shifting their electricity consumption to the parts of the day when energy from solar systems is being generated at high levels, whether or not they have solar panels or a battery. It is best suited to customers with the ability to move their energy consumption, either by changing habits at home or with the benefit of accessible energy management tools or appliances.

The SSO will both provide benefits to residential customers who can take advantage of the free power period, and to all electricity users through the resulting lower system-wide costs. Access to a clear and simple SSO will deliver multiple advantages, including improving grid utilisation, lowering market risks, enhancing affordability, and empowering consumers to engage with the electricity retail market more actively, including by providing greater consumer protections and a benchmark price for solar soaker/free power period type market offers.

How will the SSO be applied

The main features of the SSO are:

- **New time-of-use (TOU) regulated standing offer** with a zero-cost usage window — a defined time period (at least 3 hours) during the day where there is no charge for usage (i.e., electricity usage charges are set at 0 cents per kilowatt hour (kWh)), encouraging load shifting to periods of high solar generation (e.g., 11am–2pm). As a regulated standing offer the tariff will be set by the relevant regulator on a consistent and transparent basis and based on the Electricity Retail Code (Code) Regulations.
- **Available to residential customers with smart meters**, initially in distribution regions where the DMO applies.⁴ A customer is eligible for this offer only if they have a smart meter installed as a smart meter is required to enable retailers to gather the data necessary to deliver the SSO. Under changes to the National Electricity Rules (NER) made by the Australian Energy Market Commission (AEMC) in 2025, all customers in NEM jurisdictions should have smart meters by 2030, so over time, all residential customers should have access to the SSO. A consumer can request that a smart meter

⁴ South Australia, New South Wales, and Southeast Queensland.

be installed at the premises earlier than scheduled under the smart meter rollout by contacting their retailer.⁵

- **Optional market offers with similar structure** may continue but can be compared to the SSO standing offer, which will serve as a benchmark price for such offer, in a similar way that the DMO serves as a benchmark for regular electricity market offers.
- **Consumer safeguards** include a regulated price for SSO standing offers and requirements for information disclosure that enables customers to understand the benefits and risks of an SSO standing offer before being moved on to that plan, as well as ensures non free power period tariffs are set on a reasonable basis in the SSO.

Retailers in several jurisdictions are already offering time of use market offers with zero-cost usage windows, demonstrating that there is consumer interest in these products and that it is commercially feasible for retailers to offer them. However, these offers vary widely in design and eligibility requirements. To ensure all residential customers with smart meters are able to access an SSO with a regulated price and to compare SSO type market offers with the regulated SSO offer, the policy intent is that retailers will be required to offer an SSO standing offer by a prescribed date, but will remain free to innovate and also offer alternative time of use offer structures.

Request for stakeholder feedback

Submissions to this consultation paper will inform final policy design and regulatory amendments, helping to ensure the SSO is delivered in a way that best promotes equity, transparency, and provides system-wide benefits. The department is releasing this SSO consultation paper in conjunction with the department's Review Outcomes 2025 reforms to the Default Market Offer to gather broader stakeholder input on the SSO implementation approach.

⁵ [Consumer rights and smart meters | Australian Energy Regulator \(AER\)](#)

1 Introduction

The department is consulting on the introduction of a new regulated TOU offer tariff type for residential customers. The standing offer tariff would initially apply in DMO jurisdictions with further consultation on whether to have this, or an equivalent offer, available to households nationally from 2027. The SSO would provide customers who choose to be on the tariff with a daily zero-cost usage window — a defined period of at least 3 hours during the day in which electricity usage charges are set to \$0 per kWh.

Australia leads the world in rooftop solar adoption, with around one in three households now generating their own electricity — totalling over 4.1 million small-installations since 2001, according to the Clean Energy Regulator.⁶ This uptake demonstrates both consumer appetite for affordable clean energy and the growing role of consumer energy resources (CER) in shaping system outcomes.

Yet access to CER remains uneven. Households without solar systems or the means to install one, are unable to generate or store electricity, nor capture the financial returns available to solar owners. The Australian Competition and Consumer Commission (ACCC) warns that current schemes, like premium feed-in tariffs, can lead to non-solar customers subsidising solar owners.⁷ This unequal access to the benefits of solar generation underscores the need for new tariff structures that extend benefits more broadly to those who are unable to, or choose not to, invest in and benefit from CER. In addition, households that are able to shift their electricity consumption away from peak times can deliver system-wide energy benefits, helping to reduce wholesale prices, lowering the cost of network augmentation, and supporting reliability. The SSO offers eligible residential consumers, regardless of CER ownership, the opportunity to contribute to and benefit from system efficiency gains.

The SSO provides a practical, inclusive mechanism to capture critical energy savings. By granting households the option to access zero cost electricity during defined windows, the proposal empowers consumers to reduce bills, maximise the value of their CER (for those who have it), and supports the national objectives of affordability, efficiency, and decarbonisation.

The proposal directly addresses key policy objectives lowering household bills, improving affordability, enhancing consumer choice, and driving critical energy savings across the system. By incentivising consumers to shift demand into designated free-use periods, the SSO reduces reliance on high-cost peak generation, alleviates pressure on network infrastructure, and unlocks savings that flow to all consumers.

The SSO is also complemented by enabling reforms such as the AEMC's rule change to accelerate smart meter rollout and network tariff design. The AEMC has finalised rules to accelerate smart meter uptake in NEM jurisdictions with a goal of universal NEM uptake by 2030,⁸ which will enable the introduction and uptake of more sophisticated and flexible tariff designs.

As noted above, the SSO will initially be implemented in DMO distribution regions with further consultation on a potential roll out nationally in jurisdictions that do not have an equivalent offer available for households. The Government anticipates that the new SSO standing offer tariff under the DMO framework will take effect for the 2026-27 DMO 8 determination process.

⁶ [Australia reaches 4 million small-scale renewable energy installations | Clean Energy Regulator.](#)

⁷ [ACCC releases blueprint to reduce electricity prices | ACCC.](#)

⁸ [Accelerating smart meter deployment | AEMC.](#)

1.1 Background

The Australian Government is pursuing structural reforms that can deliver enduring bill savings and fairer access to the benefits of Australia's clean energy transition. These reforms embed market mechanisms that allow eligible households to directly benefit from the nation's growing share of renewable generation, particularly during periods of abundant daytime solar output.

Several enablers and recent policy developments have created favourable conditions for these reforms to proceed:

- **Transparent pricing benchmarks:** The AER's DMO determinations provide a transparent benchmark for electricity prices. The DMO, first recommended by the ACCC's 2018 Retail Electricity Pricing Inquiry acts as a regulated reference point and price safety-net for small customers who are unwilling or unable to actively engage in the retail market.⁹ Under the Government's 2025 DMO Reforms, the framework will be expanded so that all market offers for small customers must be compared with the relevant DMO tariff or maximum annual bill amount. This creates the regulatory basis for an SSO to be introduced as a standing offer tariff type for which the AER must set a price cap. Retailers making an SSO type market offer would also be required to compare it to the corresponding SSO standing offer, improving comparability and transparency for consumers.
- **Accelerated smart meter rollout:** The AEMC's final rule to achieve universal access to smart meters by 2030 will enable more sophisticated, consumer-friendly tariff design. Smart meters record interval usage data, allowing retailers to offer TOU pricing and innovations like SSO with accuracy.¹⁰
- **Cheaper home batteries and distributed energy:** While the SSO is designed to primarily assist residential consumers without CER assets, increased uptake of home batteries and solar systems enhances the system capacity to absorb daytime generation, creating broader conditions under which load-shifting tariffs can deliver value for all consumers. The Government's Cheaper Home Batteries program supports this by making energy storage systems more accessible, allowing more households to charge when generation is plentiful (or when the usage charge is \$0 under the SSO), and discharge when demand is high. This will support grid stability and reinforces the case for flexible retail products such as the SSO.
- **Emergence of retailer led "free period" products:** Retailer-led products offering free or discounted daytime usage windows have already emerged, signalling both consumer appetite and commercial feasibility for a regulated, standardised approach.

Together, these developments enable the design of an electricity option that captures the system-wide benefits of increased electricity consumption during low, and sometimes negative, wholesale price periods. The proposed SSO represents a structural reform delivering an enduring tariff framework that rewards efficient consumption, supports renewable integration and maintains consumer protections.

In practice, the success of SSO, both as a regulated standing offer and through equivalent market offers, depends on three enablers:

⁹ [Final report | ACCC.](#)

¹⁰ [Time to accelerate – AEMC hits go on smart meter rollout | Energy Networks Australia.](#)

- Consumer engagement - so households can understand how and when to use the zero cost windows, and whether it is right for them.
- Technology integration - through continued deployment of smart meters and accessible energy management tools or appliances.
- Retailer accountability - to ensure transparent presentation, fair implementation and equitable cost recovery across SSO and other market offers.

With these measures in place, the SSO can help share the benefits of Australia's renewable generation more evenly across eligible households — supporting lower bills, improved grid efficiency, and a fairer more sustainable energy system.

1.2 Purpose of the consultation paper

The purpose of this consultation paper is to seek stakeholder views on the introduction of an SSO under the DMO framework. The proposal represents a structural reform via the Code, aimed at ensuring households, including those without installed solar PV systems, can directly benefit from Australia's abundant daytime renewable energy generation, while supporting affordability, equity, and system efficiency.

The structure of the paper is outlined below:

- **Part 2:** This chapter introduces the concept of retail offers with zero-cost usage windows and explores the extent to which such products are available to customers today.
- **Part 3:** provides an overview of the SSO offer and its policy objectives, describes the policy rationale, outlines current market offerings, and discusses why the SSO framework would place greater emphasis on consumer protections (especially given retailers' hedging practices for "free" periods).
- **Part 4:** examines why regulating SSO type offers is necessary, given market conditions leading to its implementation. It explains how SSO would be regulated as a standing offer under the DMO framework and details the implementation pathways, expected economic impacts, and associated challenges.
- **Part 5:** outlines the consultation process and invites stakeholder feedback on specific questions and potential improvements to the SSO.

The observations and proposals outlined in this paper are intended to facilitate informed discussion. We invite considered feedback from all relevant stakeholders to refine the design of the SSO so that it achieves its aims in practice.

1.3 Your Feedback

The department invites feedback from stakeholders on the SSO. Submissions will help refine the design and implementation to ensure the SSO improves affordability, supports households and delivers system-wide benefits.

How to submit:

Solar Sharer Offer Consultation Paper 2025-26

Please provide a written submission by 5:00pm (AEST), 21 November 2025 via email to the Department's Retail Market Policy team at: **SolarSharerOffer@dcceew.gov.au**

Please include your name, organisation, and contact details. Please indicate if your submissions are confidential or can be published.

Further information

Background materials and updates on this consultation will be made available on the Department's Have Your Say website <https://consult.dcceew.gov.au/solar-sharer-offer>. After consultation closes, the Department intends to publish a short summary of insights and next steps.

Enquiries

Questions about this consultation can be directed to the Retail Market Policy Team at: SolarSharerOffer@dcceew.gov.au.

2 Availability of Solar Sharer Offer-type products

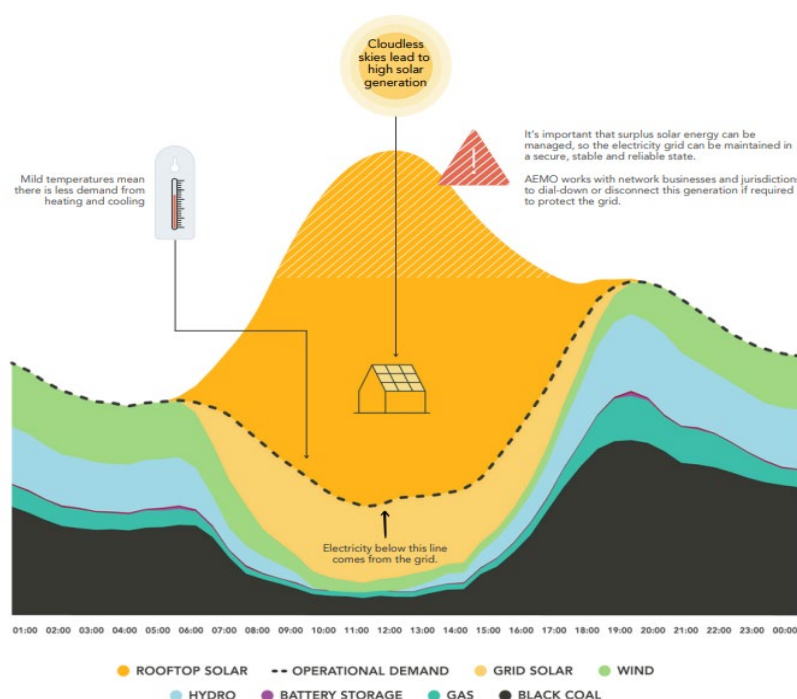
2.1 What is a Free Power/Solar Sharer-type product?

The *Solar Sharer Offer (SSO)* is an example of a type of retail product that includes a zero-cost usage window, also referred to as a *Free Power Period (FPP)* offer under market retail contracts. This chapter introduces the concept of retail offers with zero-cost usage windows (or FPP offers) and explores the extent to which such products are available to customers today. In our policy considerations, the department assessed whether continued innovation in the retail market could be relied on to maximise the value of the daytime solar output and share those benefits with all residential customers, regardless of whether they have rooftop solar systems. This chapter provides an overview of the limitations and risks associated with relying on market offers to capture these efficiency benefits, thereby supporting the case for introducing the SSO. An FPP product refers to electricity offers that provide free energy usage during specific times of the day, for example 0 cents per Kwh between 11am to 2pm (a zero-cost usage window), allowing households to consume electricity during these hours without incurring usage costs. Typically, these plans require a smart meter at the property.

Plans with a zero-cost usage window have the potential to allow households to:

- reduce hot water costs,
- dramatically reduce their heating and cooling costs (particularly if their home is well insulated),
- cut the costs of appliances you can set timers on, and
- to cut the costs of charging their electric vehicle (EV) at home.

Unlike other TOU tariffs that vary prices across peak, shoulder, and off-peak periods, the SSO introduces a daily time period in which the usage charge is zero to incentivise households to shift energy consumption to that period. The SSO will be aligned with the period during the day when electricity is cheapest and most abundant.



The SSO will be aligned with the period during the day when electricity is cheapest and most abundant.

The “duck curve” highlighted in Figure 2.1 illustrates this challenge — where net demand (grid demand after rooftop solar generation) drops sharply during the day when solar output is high and demand is low, then rises steeply in the evening as solar generation declines and demand increases. This creates very low or negative wholesale prices during the day and costly peaks in the evening as the grid relies on fast-start generation.

Figure 2.1: The ingredients for a high rooftop solar/minimum system demand day

The free period window directly responds to this dynamic by offering a zero-cost usage window during solar-abundant hours, incentivising households to shift discretionary consumption — such as running appliances, charging EVs, or pre-cooling and heating homes — into the middle of the day. This delivers direct bill savings while supporting demand, improved grid efficiency, and greater use of renewable energy that might otherwise be curtailed.¹¹

For households with CER such as rooftop solar, batteries, or EVs, the SSO product enables smarter energy management. For renters, apartment dwellers, and low-income households without access to such technologies, it provides an equitable way to share in the benefits of renewable energy if they are able to move their energy consumption to the zero-cost usage window.

2.2 FPP market offers

The department notes that the SSO concept reflects the innovative retail products already emerging in the market. Retailers in most jurisdictions—such as South Australia, NSW, Victoria, and Tasmania have begun trialling and offering FPP market offers, demonstrating both market readiness and consumer interest. Other jurisdictions, including Western Australia, regional Queensland, and the Northern Territory, have similar low-cost tariffs or zero cost with restricted availability, highlighting the need for a more consistent national approach.

These retailer-led innovations typically provide a free usage window during periods in the middle of the day with high solar output. However, as TOU tariff market offers, the design of these plans varies across retailers and states, including differences in the timing and length of the free window, eligibility requirements, and how costs are recovered outside the free period (usually through higher usage or fixed charges). These are competitive, non-standardised offers where retailers retain flexibility over terms, conditions, and pricing subject to requirements under general and energy-specific consumer protection frameworks.

Key examples of market offered FPP products include:

- **AGL “Three for Free”** – 3 free hours daily (10am–1pm). Savings (~\$800/yr) require shifting ~5 kWh/day into the free window.¹²
- **OVO “Free 3”** – 3 free hours daily (11am–2pm) across NSW, Qld, SA, Vic. Marketed for daytime users or automated appliances.¹³
- **Red Energy “Red EV Saver”** – 4 free weekend hours (12–2pm Sat/Sun) marketed for EV charging and chores, with higher weekday charges.
- **Synergy Midday Saver (Time of Use Tariff)** – “Super Off Peak” period from 9 am to 3 pm, an “Off Peak” period from 9 pm to 9 am, and a “Peak” period from 3 pm to 9 pm, with the highest rates during peak times.
- **GloBird** – offers free power during a “Free Lunch” period from 12 PM to 2 PM daily and a “ZeroHero” period of 11 AM to 2 PM for eligible homes with a battery.¹⁴

¹¹ [2025-enhanced-locational-information-report.pdf](#).

¹² [Three Hours Free: When Energy Deals Work and When They Don't](#).

¹³ [The Free 3 plan — OVO Energy](#).

¹⁴ [2 hours Free Electricity every day | GloBird Energy](#).

2.2.1 Key features of current retail FPP market offer

Existing market offers that include a FPP product demonstrates innovation, market readiness, and consumer interest, giving households the opportunity to shift flexible usage into low-cost periods, but they also share some common design features and limitations.

1. FPP products are only available as market offers and are generally limited to certain types of residential customers.
2. Smart meter requirement: Access to an FPP product requires a smart meter, as interval data is needed to calculate usage during the free window.
3. Market offers typically include a mix of fixed charges and TOU usage charges, alongside options for controlled-load tariffs (e.g., for hot water) and solar feed-in tariffs.
4. The free power window in market offers is typically applied to the middle of the day, though the exact window varies both by jurisdiction and retailer:
 - i. South Australia and Queensland: a uniform 11.00 am–2.00 pm window.
 - ii. New South Wales: windows vary across retailers, including 11.00 am–2.00 pm, 12.00 pm–2.00 pm, 12.00 pm–3.00 pm, and 10.00 am–3.00 pm.
5. Retail free power windows are generally narrower than the corresponding network tariff “solar sponge” off-peak windows, which often extend over longer midday periods.

These features highlight both the flexibility and the inconsistency of current market-led approaches. They reflect retailers’ willingness to innovate, but also underscore the case for a regulated, standardised SSO offer. Retailers advertise FPP offers differently, which can create customer confusion about the benefits and trade-offs of opting for a free power period. Customers can be attracted to the promise of ‘free’ power, without having the means or ability to practically change their energy usage to take advantage of the free power window, exposing them to potentially higher energy bills.

A regulated, standardised SSO can ensure consistency and comparability of offers by region, enhancing consumer protection.

2.2.2 International FPP Comparisons

FPP initiatives have been introduced by electricity retailers in multiple international jurisdictions, including New Zealand, the United Kingdom, and the United States. Across these markets, the primary objective of free power windows is consistent: to incentivize consumers to shift electricity consumption from peak to off-peak periods, supporting more efficient use of the electricity system. However, the design and timing of free power period offers differ markedly from Australia due to variations in energy supply mixes and peak demand patterns. Unlike Australia, where midday periods of high solar generation are targeted, other jurisdictions often focus on evening or overnight periods or dynamically link free power to wholesale market conditions.

In New Zealand, electricity retailers have expanded their tariff offerings to include FPPs for consumers. For example, Contact Energy¹⁵ provides free electricity between 9:00 pm and 12:00 am on weekdays and from

¹⁵ [Good Nights Plan | Contact Energy](#)

9:00 pm to 7:00 am on weekends, while Electric Kiwi¹⁶ allows customers to choose a daily off-peak hour for free electricity between 9:00 am and 5:00 pm or 9:00 pm and 7:00 am.

The UK and US offer further insights into SSO design and consumer behaviour incentives. In the UK, retailers such as Ovo and EDF Energy¹⁷ provide free power linked to either nominated hours or dynamic wholesale price signals, often rewarding consumers who reduce peak weekday consumption with free hours on weekends. Similarly, in the USA FPP offers typically occur overnight or over weekends, extending for multiple hours to encourage load shifting outside peak periods with offers from Reliant Energy¹⁸ and Direct Energy.¹⁹

These international examples demonstrate the diversity of FPP approaches and highlight the importance of regulatory frameworks in ensuring that such products deliver clear, equitable outcomes for consumers while supporting efficient energy use and grid stability.

2.3 Consultation Questions

The department proposes that all retailers must offer the SSO standing offer in DMO jurisdictions from commencement, with further consultation on a potential national rollout. The SSO framework seeks to build on DMO reforms to enhance affordability, transparency, and equity, while supporting system efficiency.

The AER will determine the timing and duration of the SSO window, which will be at least 3 hours, and periodically review it based on evidence such as wholesale price trends, renewable generation, and network conditions.

Questions

1. What evidence should inform the SSO window (timing and duration), including factors such as wholesale prices, renewable generation output, demand trends and local network condition?
2. How should the effectiveness of the SSO be evaluated over time, noting its multiple objectives (e.g., ensuring SSO take up, and reducing bills for customers without access to CER)?
3. What benefits should be expected from the introduction of the SSO? How can risks to customers who choose the SSO but are less able to shift their energy usage be identified and mitigated?
4. Are there likely to be any practical constraints on certain customer cohorts who could benefit from an SSO being able to accrue those benefits through increasing their consumption in the SSO window?
5. Should the SSO standing offer be more expensive outside the zero-cost usage window than current rates to further incentivise shift load? If so, should there be any constraints on costs outside of the zero-cost usage window to protect customers who have chosen the SSO, but are unable to load shift?

¹⁶ [Electric Kiwi | Hour of Power | Independent Kiwi Power & Broadband.](#)

¹⁷ [OVO Offers Two Free Hours of Energy Every Week to Lower Bills This Summer](#), article published 28 April 25.

¹⁸ [Energy company to give households four hours of free electricity every weekend starting in days.](#)

¹⁹ [A Guide To Free Nights and Weekends Electricity | Direct Energy.](#)

3 The case for implementing the SSO

The substantial uptake of rooftop solar across Australia has delivered significant savings for customers. This uptake is forecast to continue, providing an incredible opportunity to consider how to maximise the benefits of solar generation for all customers through aligning the time and location of consumption with generation.

This chapter sets out the reasons for implementing the SSO across Australia. It highlights the potential benefits to all customers and identifies important aspects to the design and implementation to ensure that the SSO will be effective in meeting the department's objectives.

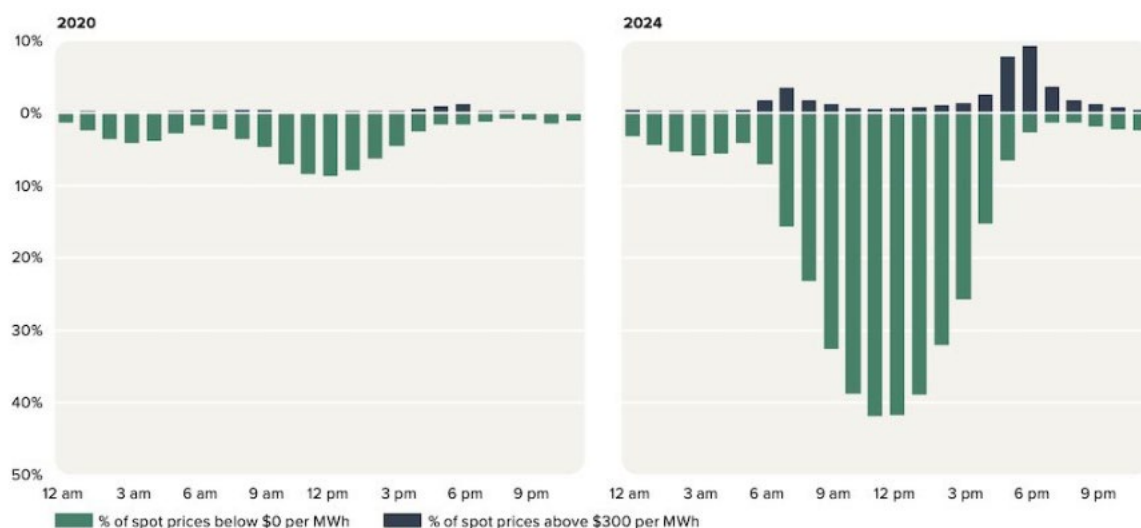
3.1 Potential of rooftop solar generation

Over 4 million households have installed rooftop solar panels in Australia, representing over 25 gigawatt (GW) worth of total rooftop solar capacity. In the past year, rooftop solar contributed over 30,000 gigawatt hour (GWh) of electricity generation accounting for 12.4 per cent of Australia's total energy generation.²⁰

It is generally expected that the growth in installed solar PV capacity will continue, with estimates of over 45 GW by 2035. According to AEMO's projections via the GEM 2024 report, distributed (non-scheduled) rooftop solar capacity is expected to be in excess of 50 GW by 2050 across all scenarios.

This widespread uptake of rooftop solar has had a profound impact on the NEM. Between 2019 and 2024, electricity demand during the middle of the day saw a significant decline. This trend is largely attributed to the growing number of households embracing rooftop solar for its cost-effectiveness and low-emissions energy benefits. One of the most notable outcomes has been a sharp drop in daytime wholesale electricity prices as shown in Figure 3.1.

Figure 3.1: Percentage of prices below \$0 MWh and \$300 MWh.



Note: The upward y-axis shows, for each hour of the day in the chosen year, the percentage of 5-minute prices across all NEM regions that were greater than \$300 per MWh. The downward y-axis similarly shows the percentage of prices that were below \$0 per MWh. Prices were not settled in 5-minute intervals until October 2021, although prior to this dispatch was determined on a 5-minute basis using 5-minute prices. The figure presents outcomes in NEM time (Australian Eastern Standard Time).

Source: AER; AEMO (data).

²⁰ Clean Energy Council – Rooftop solar and storage report, July – December 2024.

In 2024, prices fell below zero dollars per megawatt hour more than 30 per cent of the time between 9 am and 2 pm, highlighting the scale of influence distributed PV generation has on market dynamics.²¹

The AER's *State of the Energy Market 2025*²² report highlights that renewable generation continues to reshape supply and demand dynamics in the NEM. On 6 November 2024, renewables supplied 75.6 per cent of total generation during the half-hour ending at 1 pm — the highest share on record. As renewable penetration increases, the NEM is projected to experience periods of full renewable supply. At the same time, consumer behaviour has evolved: while total NEM consumption grew by 3.4 per cent in 2024, roughly one-third of this increase was met by rooftop solar generation rather than grid supply.²³

According to the AER,²⁴ 27 per cent of customers export their self-generation back into the grid. This represents around 10 per cent of energy delivered by the distribution networks in 2023-24. Rooftop solar is resulting in excess electricity being generated in the system with most of this electricity available during the middle of the day when solar PV generation is at its highest.

The combined impact of these trends is that an SSO product available to all residential customers will provide real incentives to shift consumption to periods of high solar generation leading to both bill savings for those individual consumers, plus system benefits through improved reliability, reduced network costs and more stable and efficient operation.

3.2 Opportunity for all consumers

The uptake of CER has created opportunities for some consumers to manage and reduce their energy costs, but these benefits are not shared equally. Renters, apartment dwellers, and low-income households remain excluded from the financial and environmental advantages of rooftop solar and battery storage. Without intervention, this divide risks deepening energy inequality as households that have capacity to invest in CER access cheaper, cleaner energy while others face rising costs.

Implementation of the SSO provides an opportunity to extend the benefits of the energy transition to residential customers without CER. Currently, customers without CER are not getting the benefits of lower wholesale prices during periods of high solar output. Further such customers tend to not face adequate pricing incentives under current tariffs to shift their consumption to the middle of the day.²⁵

Making an SSO product available to residential customers who don't have solar installations addresses two crucial barriers to those customers benefiting from the energy transition. Firstly, it provides the ability for such customers to receive a price benefit from solar PV generation regardless of whether they have CER. Secondly, it provides an incentive for those customers to shift their consumption to the middle of the day, if they are able to, to improve system efficiency.

The success of SSO depends on alignment with network tariff structures, which vary by jurisdiction and in some cases by distribution region. Harmonising SSO windows with network pricing will maximise benefits and minimise complexity of SSOs. A regulated SSO will also promote customer trust and understanding in

²¹ AER State of the Energy Market 2025 Full Report.

²² [State of the energy market 2025 | Australian Energy Regulator \(AER\)](#).

²³ AEMO, [Quarterly Energy Dynamics Q1 2025](#).

²⁴ Australian Energy Regulator – Insights into Australia's growing two-way energy system.

²⁵ Existing flexible and TOU tariffs offered by retailers are largely voluntary, fragmented and lack standardisation. They vary in design, eligibility, and transparency across jurisdictions and retailers.

the product thereby increasing uptake. As discussed in the next chapter, these aspects will be important in the design of the SSO.

3.3 System benefits from SSO

Achieving better alignment between consumers' consumption patterns and the output profile of rooftop solar will substantially benefit the electricity system through flattening the overall net demand profile in the system. This will lead to lower costs and risks through several impacts including:

- Smoothing the consumption profile resulting in lower spot price volatility, lower peak prices, and lower risk management costs for retailers and generators.
- Avoiding network operational and investment costs.
- Helping management of issues caused by minimum demand.

Smother consumption profile, lower spot price volatility and risks for retailers and generators

The widespread adoption of the SSO is expected to influence wholesale electricity market behaviour, with both efficiency gains and integration challenges. By shifting consumption into solar-abundant midday periods, the SSO can reduce the frequency of negative wholesale prices,²⁶ improve the economics for renewables and in particular solar generators incentivising more renewable investment, reduce risks for existing participants, and enhance the utilisation of distributed energy resources (DER). This behavioural shift may also deliver reductions in evening peak demand smoothing wholesale price volatility and reducing the incidence of negative pricing in the NEM.



Figure 3.2: From Synergies, Minimum, maximum & spread of average wholesale spot prices.

Against this backdrop, the SSO could play a pivotal role in balancing midday oversupply and evening peaks, encouraging load shifting that aligns with renewable generation patterns. Curtailment of solar farms and rooftop systems has become more common due to oversupply, reducing renewable generation efficiency.

²⁶ Negative prices are only good for customers who have a product with spot market exposure. Most customers have a fixed price offer and therefore are exposed to the contract prices.

3.3.1 Avoiding network operational and investment costs

The midday trough in demand leads to underutilisation of network assets for most of the day. Yet, the system must still be sized to meet sharp evening peaks. This results in inefficient capital use, as expensive infrastructure sits idle for long periods but must still be funded through consumer tariffs. Therefore, increased daytime utilisation of existing infrastructure improves asset efficiency and may defer or avoid future peak demand-driven network investment. A smoother load profile will reduce pressure on distribution networks to invest in extra network capacity to safely manage the peak periods.

The SSO will also provide benefits through aligning local production of electricity with the local consumption in communities, thereby relieving pressure on the infrastructure needed for a reliable, safe supply of electricity. This can help mitigate network operations and management challenges associated with excess solar output during the daytime, including the voltage and power quality issues being observed by the distribution networks. This includes voltage fluctuations and reverse power flows increasingly occur in local networks when solar exports exceed local demand.

3.3.2 Help management of minimum demand challenges

Minimum demand refers to periods — typically in the middle of the day — when total electricity demand from the grid drops to extremely low levels. This occurs as rooftop solar generation surges while household and business consumption remain modest. In several regions, particularly South Australia and Victoria, these midday troughs are reaching record lows, creating system stability risks for AEMO. When operational demand falls below the level needed to maintain system security, AEMO must intervene to keep essential synchronous generation online for frequency and voltage control, which increases costs for consumers.

To manage that risk, AEMO is implementing emergency backstop mechanisms (also called emergency DER control or “curtailment” of rooftop PV) as a last-resort tool. The backstop can temporarily disconnect or curtail exported rooftop solar generation to artificially raise net demand (i.e. reduce supply) so that generation and demand remain balanced. Further, evening demand ramps are becoming steeper, placing pressure on the grid, and increasing reliance on costly synchronous generators. The ACCC recommended reforms to enable demand to better follow supply and to reduce costly peak generation and underutilisation during off-peak renewable availability.

In Queensland, for example, new inverter systems above a threshold must include a Generation Signalling Device (GSD), enabling network operators to shut down a solar inverter upon direction from AEMO. In South Australia, AEMO has already issued instructions to curtail distributed PV during minimum demand events — for example, in November 2022, when high solar exports threatened system security, solar generation was partially curtailed across 13–17 and 19 November, with a maximum of 410 megawatt curtailed on 17 November.²⁷

While the backstop mechanism is necessary in extreme cases, they increase consumer costs and can undermine trust and confidence in the market. Further such interventions can have unintended consequences and lead to operational risks. Introduction of the SSO could therefore see a reduction in the need for costly AEMO market interventions and system security support actions such as the back-stop mechanisms. It could also reduce the case for expensive peaking generation or long duration storage to address the impacts of the evening peaks.

By incentivising consumers to shift demand into midday solar-abundant hours, the SSO improves utilisation of renewable generation, reduces curtailment, and stabilises minimum demand — allowing more

²⁷ [AEMO | Managing Minimum System Load \(MSL\)](#).

renewable energy to enter the grid, which all contribute to lower system costs and lower prices for all consumers.

3.4 Summary of reasons for implementing an SSO

The SSO framework is designed to empower consumers through choice, flexibility, and participation. By making the SSO a clearly defined, opt-in tariff available under the DMO framework, consumers are given the opportunity to actively choose how and when they engage with the energy market. This restores a sense of control — allowing households to align their energy use with their lifestyles and financial priorities while supporting renewable generation.

In doing so, the SSO strengthens trust and engagement between consumers and the energy market. It transforms tariff design from something opaque and confusing into a tool that rewards informed, proactive energy use — making the clean energy transition more participatory, transparent, and consumer-driven. Importantly, a regulated SSO ensures this empowerment is equitable — providing renters, apartment dwellers, and low-income households the same opportunity to benefit from solar abundance as those with rooftop systems.

Some of the expected benefits of SSO are:

1. **Support equality and inclusion:** Provides a tangible mechanism for renters, apartment dwellers, and low-income households to benefit from daytime solar generation.
2. **Empower households to manage their energy use:** Establishes strong, visible price signals that empower households to actively manage their energy use.
3. **Support renewable investment:** By shifting demand into midday solar-abundant hours, the SSO improves utilisation of renewable generation, reduces curtailment, and stabilises minimum demand — allowing more renewable energy to enter the grid.
4. **Reduce network costs:** Increased daytime utilisation of existing infrastructure improves asset efficiency and may defer or avoid future peak demand-driven network investment.
5. **Improve system efficiency:** Encourages demand-shifting into solar-abundant hours, reducing curtailment, easing evening peak demand and prices, and improving utilisation of network and generation infrastructure.
6. **Improve market confidence:** Embedding SSO within the DMO framework ensures comparability, consistent communication, and clear reference pricing which should enhance consumers' confidence in taking up market offers that incentivise shifting consumption to periods of high solar generation.

3.4.1 Alignment with broader reforms

The introduction of the SSO also aligns with broader market reforms currently underway, ensuring that the benefits of each initiative are maximised (e.g., the smart meter rollout, AEMC's network tariff reform and the Government's Cheaper Homes Batteries Program).

An SSO would also enable households with battery storage, with or without solar, to realise the benefits of their investment by drawing electricity from the grid during the SSO to offset of the grid in higher cost parts of the day. This would further support those homes that have utilised the Australian Government's Cheaper

Home Battery Program. This incentive would also provide broader system wide benefits as homes with solar and batteries could use their storage to absorb excess solar generation during minimum demand periods.

3.5 Consultation Questions

Chapter 3 outlines the policy rationale and potential benefits for regulating the SSO through the Code and DMO framework. Regulation aims to provide consistency, transparency and protection for consumers while maintaining flexibility for retailers and allowing for jurisdictional alignment. The SSO would deliver meaningful financial benefits for households that can shift load into solar-rich periods, while introducing some operational and compliance costs for retailers.

The department is seeking stakeholder views on how the SSO regulatory framework should be structured, priced and implemented to ensure affordability, equity and national consistency, while supporting innovation, fair cost recovery, and system benefits for wholesale market dynamics.

Questions

1. Does the proposed SSO regulatory framework — anchored in the Electricity Retail Code and linked to the DMO — appropriately balance affordability, equity, and retailer flexibility? Are alternative approaches preferable?
2. What practical issues need to be addressed to ensure the SSO operates consistently either in DMO or non-DMO jurisdictions, while recognising local regulatory settings?
3. What principles should guide how the AER (and relevant state regulators) set SSO standing offer prices, including how to reflect the \$0 per kWh usage window without distorting costs or creating excessive cross-subsidies?
4. What considerations or risks should be addressed in the event of a staged national rollout of the SSO across jurisdictions? How can readiness, consumer understanding, and retailer adaptability be best supported during implementation?
5. How could a regulated SSO framework best complement or build on the innovative time-based pricing models already emerging in the market?
6. How could customers without solar PV and batteries, including vulnerable or disengaged households benefit from the SSO? What risks to vulnerable or disengaged households need to be taken into account?
7. How should the department and regulators monitor whether retailers are recovering the costs of providing the SSO in a transparent and equitable way across tariff offerings?
8. What wholesale market or system-level benefits (e.g., demand shifting, reduced peak prices, better utilisation of daytime solar generation) could arise from widespread uptake of the SSO and are there complementary policies that would further increase these benefits?
9. What data should the department and regulators use to evaluate policy and market benefits of the SSO?

4 Objectives and proposed implementation approach

This chapter describes the objectives of the SSO and the proposed approach to implementing the SSO to achieve these objectives.

4.1 Objectives of the SSO

The SSO framework aims to deliver on core objectives of affordability, equity, and transparency. In developing the SSO reforms, the department is guided by three key policy objectives:

1) Engage and empower consumers in the energy transition

Encourage behavioural change and ensure all Australian households benefit from Australia's transition to renewable energy generation. Consumers should be rewarded for shifting usage, which builds trust and engagement with energy providers and the broader transition. It can also enhance household affordability and consumer choice by providing bill savings to those without rooftop solar and batteries.

2) Shift consumer demand away from peak periods — delivering savings for all consumers

The SSO reforms seek to establish strong, visible price signals that empower households to actively manage their energy use. Consumers are incentivised to run appliances like dishwashers, washing machines, or charge EVs during those times. This will reduce pressure on the grid during high-demand times (typically late afternoon and evening).

This helps flatten the demand curve, reducing the need for expensive peaking generation and can lower the risk of blackouts while improving system security and degreasing risk management (hedging) costs for retailers. It can also delay or reduce the need for costly electricity grid upgrades, improving grid reliability and efficiency. All these impacts ultimately flow to lower costs for consumers.

3) Absorb excess renewable generation

Encourages consumption in the middle of the day which helps soak up excess solar, effectively replacing more costly gas and other generation in the evening with cheaper excess renewable energy. This reduces inefficient curtailment of renewable electricity and supports higher penetration of solar in the grid and ultimately works to lower costs for all consumers.

4.2 Overview of proposed implementation approach

The SSO reforms will be implemented through the Code. The implementation approach has two key elements:

- 1) an obligation on retailers across Australia to make an SSO standing offer available to all eligible residential customers so that the benefits of the SSO are widely available, and
- 2) a regulated tariff cap on the SSO standing offer price so that customers who take up an SSO can access a trusted reasonably priced offer, ensuring that the SSO delivers on core objectives of affordability, equity, and transparency. The AER would be required to provide further detail on its

approach to determining the regulated tariff cap for the SSO as a part of its obligations under the DMO Guideline.²⁸

The policy intent is that the SSO could ultimately be applied consistently across Australia so that all eligible residential customers can benefit from the reforms. However, implementation of the SSO may differ in DMO and non-DMO distribution regions, and so rollout in DMO jurisdictions will be trialled first.

In DMO distribution regions, the policy intent is that the obligations to offer the SSO standing offer will commence in 2026, with the regulated DMO SSO standing offer being determined by the AER as part of DMO 8.

For non-DMO jurisdictions, the potential for a wider SSO standing offer requires consideration of the regulatory frameworks and detailed consultation with each jurisdiction, and how the obligation will interact with those frameworks. This detailed work is underway to potentially be made available to all households from 2027.

Further information on the proposed implementation approach is provided in section 4.3.

Stakeholder feedback is sought on the proposed implementation approach in DMO distribution regions and on the issues that should be considered by the department in broadening the implementation approach to non-DMO jurisdictions. Specific questions for stakeholder input are included at the end of this chapter.

4.3 Key features of the proposed implementation approach

4.3.1 Obligation to make an SSO standing offer available to eligible customers

Retailers across Australia would be required to make an SSO standing offer available to eligible customers:

- An **SSO standing offer** would be defined as a standing offer with a tariff structure which includes a period of time during the day in which the usage charge is zero (at least three hours).
- **Eligible customers** would be defined as residential customers with a smart meter at their premises.

This obligation is referred to below as the **SSO standing offer obligation**.

Implementing the SSO reforms by requiring retailers to offer a standing offer means that in the event of a national rollout all eligible residential customers could take up an SSO. Standing offers could ultimately be available in all jurisdictions across Australia, including those with limited or no retail competition for residential customers and include regulated terms and conditions, providing a high level of protections for consumers on matters including price changes, billing and payment and termination. For example, in New South Wales, South Australia, Queensland, the Australian Capital Territory and Tasmania, the model terms and conditions for standing offers are regulated under the National Energy Retail Law (NERL) and National Energy Rules (NERR) and in Victoria standing offers are regulated by the Essential Service Commission of Victoria under the Energy Retail Code of Practice. Where regulatory frameworks are not captured by the National Energy Customer Framework (NECF), the department will consult with those jurisdictions to consider ways in which to achieve similar outcomes.

²⁸ The DMO Guideline forms recommendation 3 of the department's Review Outcomes 2025 reforms to the Default Market Offer.

The department acknowledges that regulatory frameworks differ across non-DMO jurisdictions. The department is actively considering how to achieve consistent outcomes nationally.

4.3.2 Retailers will be required to comply with the SSO standing offer obligation

The department is considering whether exemptions should be applied to retailers who have small numbers of residential customers. This is because these retailers may face disproportionate costs in reconfiguring billing systems, updating customer communications, and adapting IT infrastructure to support the SSO product.

The department seeks stakeholder input on whether any retailers should be exempt from the requirement to comply with the SSO standing offer obligation and, if so, the reasons the exemption should be considered.

4.3.3 Demonstrating compliance with the SSO standing offer obligation

To comply with the SSO standing offer obligation, retailers would be required to make one of the following offers available to all its eligible customers:

- an SSO standing offer which has the same tariff structure as the AER's DMO SSO tariff structure for the relevant distribution region and complies with the DMO tariff cap determined by the AER under the DMO framework (see section 4.3.8 below),
- a compliant SSO standing offer (to apply in non-DMO jurisdictions where the SSO was adopted). The criteria for a compliant standing offer would be defined (see section 4.3.4 below), or
- an SSO standing offer they are required to make under jurisdictional electricity legislation (see section 4.3.8 below).

4.3.4 How a compliant SSO standing offer is defined

Criteria for a compliant SSO offer

The Code will set out the criteria that a standing offer must meet to be a compliant SSO standing offer for the purposes of the SSO standing offer obligation. The criteria will include that the tariff structure of the standing offer includes a zero-charge usage window of at least a three hours in the middle of the day. Other criteria being considered are that:

- the tariff structure must be simple and easy for consumers to understand,
- the zero-charge usage window must be aligned with periods of high output from rooftop solar,
- the proportion of total costs to be recovered from fixed charges is no more than a specified percentage, and
- the tariff structure ensures that consumers are charged a reasonable price for consumption outside of the zero-charge usage window.

The department seeks stakeholder input on:

- whether there are benefits to customers and retailers in allowing retailers to offer an SSO standing offer that has a tariff structure different to the tariff structure of the SSO standing offer tariff structure for which the AER makes a DMO determination (see section 4.3.8 below), and

- the proposed criteria for SSO compliant offers and on any additional or alternative criteria that should be considered.

How is SSO standing offer determined to be an SSO compliant offer?

The department is considering the tools available to monitor whether SSO standing offers made by retailers are SSO compliant offers. Ex ante approval of SSO compliant offers is not proposed at this stage but we welcome stakeholder views on whether an approval process would be justified and on whether other mechanisms, such as requirements on retailers to confirm compliance of any SSO standing offers made, should be considered.

4.3.5 How eligible customers can take up an SSO standing offer

Eligible customers will be able to take up an SSO standing offer offered by their designated retailer. Before being moved to an SSO standing offer, the customer will need to consent to the offer after the retailer has provided required information on the offer and how it may impact them (see section 4.3.6 below).

Who is a customer's designated retailer?

Their designated retailer is the retailer that is responsible for supplying them under a standing offer under relevant national or jurisdictional energy legislation. For example, in jurisdictions that have adopted the NERL and NERR, the designated retailer for the eligible customer is:

- where there is no existing connection, the local area retailer for the relevant geographical premises or customer, or
- where is an existing connection, the retailer that is financially responsible retailer for the premises (being the retailer selling electricity at the premises at the time the eligible customer seeks to take up the offer).

4.3.6 Information disclosure and customer consent requirements for SSO standing offers

When making an SSO standing offer the retailer will be required to meet requirements relating to information disclosure and obtaining customer consent. The policy intent is that these requirements will ensure that, before taking up an SSO standing offer, a customer understands how the offer works and whether they can benefit from the offer. This is to ensure that customers who can shift their energy use take advantage of the SSO standing offer, but those that are unwilling or unable to do so take up offers more suitable to their circumstances.

The information disclosure requirements will require the retailer to clearly, fully and adequately disclose all matters relevant to the consent of the customer to take up the SSO standing offer. The form of customer's consent and how that consent is recorded will also be specified.

The information disclosure and consent requirements that form part of the SSO reforms will be designed to work alongside and complement existing consumer protections available under national or jurisdictional frameworks. For example, in jurisdictions that have adopted the NERL and NERR, retailers are required to

provide better offer statements on bills provided to customers under the Better Bills Guideline.²⁹ This protection will apply to customers that take up the SSO standing offer. This means that if a customer is on an SSO standing offer but would be better off on a different market offer or the “fall back” standing offer, the retailer will communicate this on its bill (and from December 2026 on other communications material also).

4.3.7 Right to move from an SSO standing offer to a different offer

The policy intent is that customers can request a retailer to be moved from an SSO standing offer to the retailer’s “fall back” standing offer (see section 4.3.9).

4.3.8 Regulation of SSO standing offer prices

Under the DMO framework, the AER will use its DMO guideline to determine an SSO standing offer tariff structure (SSO tariff) and a price cap for that tariff. This will ensure that there are guardrails on peak, shoulder, and fixed charges to ensure retailers cannot offset the free period with over inflated costs elsewhere.

In DMO distribution regions:

- SSO standing offers with the same tariff structure as the DMO SSO tariff must comply with the tariff cap determined by the DMO (e.g. usage charges must not exceed the caps determined by the AER for the relevant periods), and
- standing offers with a different tariff structure to DMO tariff structures (including the SSO) must not exceed the maximum annual bill amount (based on model annual usage) determined by the AER.

In non-DMO distribution regions, the policy intent is that SSO standing offers will be regulated by the relevant jurisdictional regulator. However, if the jurisdictional regulator has not determined a regulated price for the SSO the policy intent would be that a regulated price determined by the AER may apply.

As noted in section 4.2, the approach to implementing the SSO reform in non-DMO distribution regions is still under detailed consideration. The implementation of the SSO reforms is being staged to enable this work to be undertaken before the obligation to make SSO standing offers in non-DMO jurisdictions.

4.3.9 Right to access a non-SSO standing offer

The policy intent is that eligible customers that are unable or unwilling to shift their consumption to get the benefits of an SSO should not be placed on an SSO standing offer. For this reason, the SSO standing offer must not be the only standing offer that a retailer’s eligible customers can access and an eligible customer must not be placed on an SSO standing offer unless:

- the customer has requested the retailer to put it on that offer and has provided consent in a prescribed form and following disclosures from the retailer that meet requirements in the Code (see section 4.3.6), or
- the relevant jurisdiction requires that the only standing offer a retailer can make available to eligible customers is an SSO offer.

²⁹ [Better bills guideline | Australian Energy Regulator \(AER\)](#).

This element of the SSO reforms means that generally³⁰ retailers must offer, in addition to the SSO standing offer, another form of standing offer that acts as the “fall back” standing offer for eligible customers that are unwilling or unable to engage in the retail market. For example, an eligible customer that is placed on a standing offer when its market contract expires or seeks to be supplied under a standing offer but do not wish to take up an SSO standing offer would be placed on the “fall back” standing offer.

In addition, if a retailer has a regulatory obligation to charge an eligible customer on a market offer no more than the standing offer price, the relevant benchmark is the “fall back” standing offer price unless the SSO standing offer is only the standing offer a retailer is permitted to make available to eligible customers.

4.3.10 Comparison of SSO market offers with SSO standing offer price

Because the SSO standing offer will be subject to a regulated price cap, that price may provide a helpful comparison price for the SSO market offers. However, the department notes that the structure of an SSO (including the timing and duration of the zero-charge usage window and the timing and charges in other periods of the day) and an individual customer’s usage pattern is critical to understanding the actual bill impact of taking up an SSO will be.

In DMO distribution regions, under the proposed DMO reforms retailers will be required to compare all market offers to the relevant DMO tariff cap or maximum annual bill. The department seeks stakeholder input on whether this requirement should apply to SSO market offers, noting the characteristics of these offers identified above.

In jurisdictions where there exist reference price requirements, these will apply to the SSO. That is retailers will be required to compare SSO market offers to SSO standing offers.

4.3.11 Consumer journey on an SSO standing offer

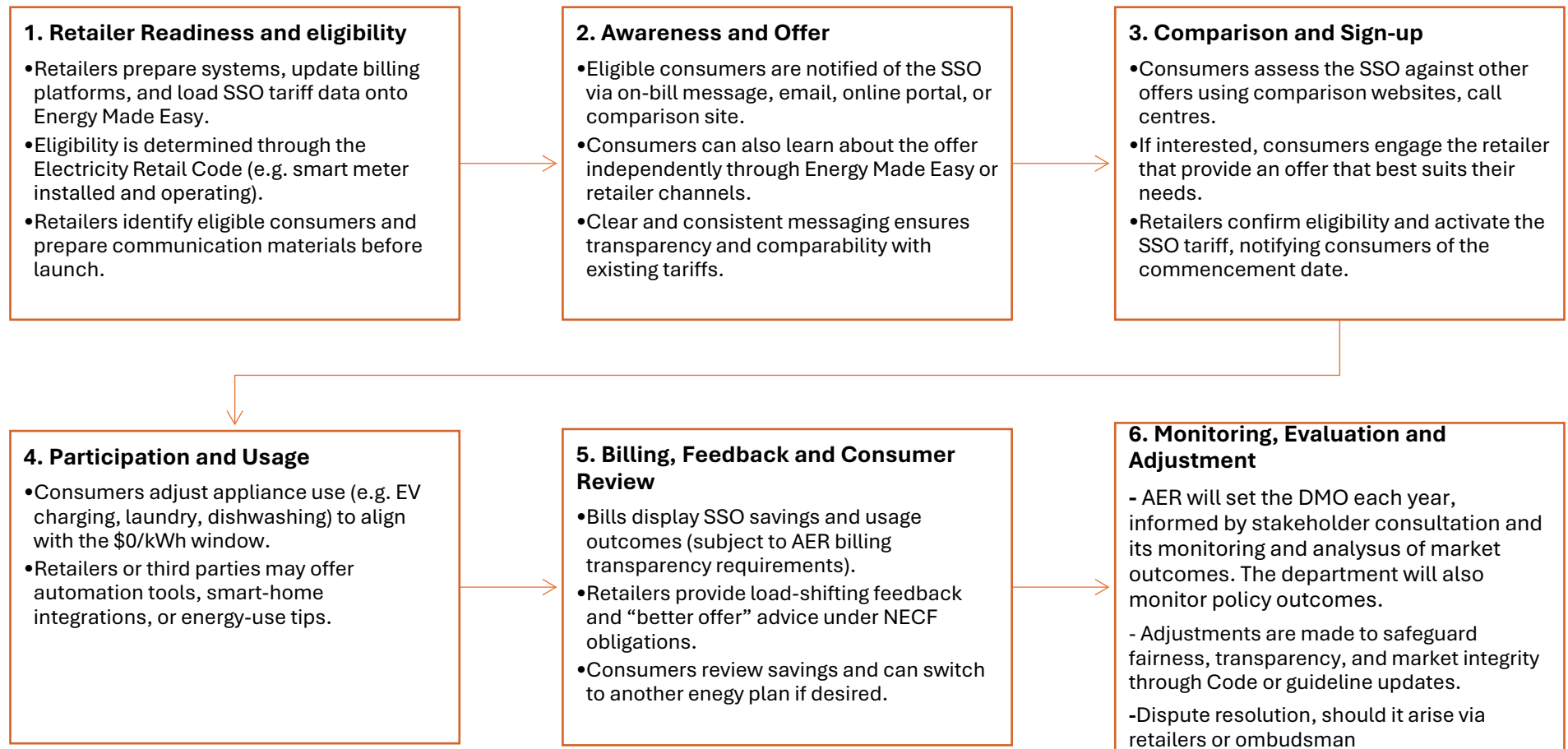
A consumer’s journey through the SSO will follow a structured process designed to promote transparency, equity, and consumer empowerment. Retailers first assess eligibility in line with the Code and prepare relevant communication materials. Once ready, eligible consumers are notified of the offer through various channels (e.g., phone, email, or online portals), with clear and comparable information on available tariffs.

Depending on their household type and capacity to shift energy use, consumers can compare the SSO against other offers and choose to sign up if it suits their needs. Following enrolment, participation involves consumers adjusting appliance use to take advantage of zero-cost periods, supported by smart meter data and guidance materials.

Finally, during billing and review, retailer provides transparent information on savings whilst customer was on SSO, encouraging ongoing engagement and informed decision-making. Consumers retain the right to opt out if the SSO does not result in meaningful annual savings on their household bills.

The flowchart below shows a probable step-by-step process from when a customer gets on an SSO standing offer.

³⁰ Unless an SSO offer is mandated as the only standing offer for eligible customers by a jurisdiction.



4.4 Staged implementation approach

In DMO distribution regions, the policy intent is that the obligations to offer the SSO standing offer will commence in July 2026, with the regulated DMO SSO standing offer being determined by the AER as part of DMO 8.

For non-DMO jurisdictions, implementing the SSO standing offer requirement requires consideration of the regulatory frameworks in each jurisdiction and how the obligation will interact with those frameworks. This detailed work is underway with a view to all households being able to access an SSO or equivalent offer from 2027.

4.5 Monitoring and Evaluation

Following implementation, the AER will set the DMO each year, informed by stakeholder consultation and its monitoring and analysis of market outcomes.

4.6 Consultation Questions

Implementation will occur through the Code, requiring some or all retailers to make an SSO standing offer available to eligible customers with smart meters, under a regulated price cap to ensure fairness and accessibility. The rollout will be staged — commencing in DMO regions from 2026 with scope to expand to non-DMO jurisdictions. Retailers must comply with defined criteria for SSO offers, provide clear information and obtain informed customer consent, while customers retain the right to opt for or move between SSO and fallback offers. The AER and the department will monitor compliance, consumer outcomes, and broader system impacts to inform future refinements to the SSO design.

The department is seeking stakeholder views on how the SSO regulatory framework should be structured, priced and implemented to ensure affordability, equity and national consistency, while supporting innovation, fair cost recovery, and system benefits for wholesale market dynamics.

Questions

1. Should all electricity retailers be required to make an SSO standing offer available to eligible customers, or should exemptions be provided to certain retailers or class of retailers? What criteria should be used to determine any exemptions or carve out of retailers or class of retailers? How could exemptions be implemented to avoid undermining national consistency or consumer access?
2. How might the AER weigh up the availability of solar energy for use in a zero-charge usage window, wholesale market dynamics and distribution network conditions in determining the SSO?
3. Are the proposed information disclosure and consent requirements sufficient to ensure customers understand how an SSO offer works and whether it suits their energy usage patterns?
4. What issues should the department consider in designing for a staged rollout of the SSO across DMO and potentially non-DMO regions to ensure households nationally are able to access an SSO or equivalent?
5. What key metrics or indicators should be used to measure the effectiveness of the SSO post-implementation in terms of impacts on affordability, equity, consumer empowerment and changes in demand?

6. Is the proposed definition of a compliant SSO standing offer, particularly the minimum zero-charge usage window and limits on fixed-charge recovery, appropriate to deliver meaningful consumer benefits?
7. What other factors may the AER need to take into account in calculating an SSO so that it meets the new policy objectives and proposed regulatory requirements for the DMO?

5 Consultation Process

Through this consultation the department intends to gather feedback on several aspects of the proposal. The feedback from retailers, jurisdictions, market bodies, consumer advocates, regulators, network businesses, and other industry stakeholders will play a critical role in shaping the recommended implementation approach. This will ensure the reform delivers energy savings, strengthens consumer protections, and that the benefits of the clean energy transition are shared more fairly across Australian households.

The department will also work closely with the AER on matters relating to window setting, presentation standards and SSO reference price methodologies and determinations. Where helpful, the department may seek non-confidential data or case studies to test assumptions (e.g., existing SSOs and uptake).

Glossary

Default Market Offer (DMO)	A federal government-initiated default electricity price for residential and small business customers in force in New South Wales, South East Queensland, and South Australia.
Market offer	An offer that energy retailers set on a competitive basis by determining the tariff to be charged. They may offer a discount (or some other benefit) and can vary in length or be ongoing.
The National Energy Customer Framework (NECF)	A set of national laws, rules, and regulations that govern the sale and supply of electricity and gas to retail customers in participating Australian states and territories.
Renewable energy	Energy from a source that is not depleted when used, such as wind or solar power.
Retail Electricity Pricing Inquiry (REPI)	Conducted by the ACCC to investigate the causes of high electricity prices and recommend reforms. The final report, released in 2018, proposed measures to improve competition, simplify pricing, and protect consumers from misleading discounts.
Standing Offer	A default electricity plan provided to customers who have not actively chosen a market offer. It acts as a safety net, ensuring access to electricity at regulated prices set by government bodies.
Tariff	The total price charged for electricity or gas. Although tariff structures can vary, the tariff typically includes at least two parts: • Fixed charge – also called the daily supply charge, or the service to property charge. • Variable charge – for the amount of energy you use, also called the consumption charge.
AER	The Australian Energy Regulator regulates wholesale and retail energy markets, and energy networks, under national energy legislation and rules. Their functions mostly relate to energy markets in eastern and southern Australia.
ESC	The Essential Services Commission is Victoria's independent economic regulator that promotes the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services.