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Independent Competition and Regulatory Commission
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Standing offer prices for the supply of electricity to small customers from 1 July 2027

The Property Council of Australia ACT & Capital Region Division welcomes the opportunity to provide feedback on the Independent Competition and Regulatory Commission's investigation into standing offer electricity prices from 1 July 2027.

Our members include owners, developers, investors, managers and operators of residential, commercial, industrial, retirement living and mixed-use property assets across the ACT and Capital Region. Members are both significant consumers of electricity and major contributors to the delivery of the housing, commercial, and community infrastructure required to support Canberra's growth.

The ACT is undergoing a significant period of housing delivery and urban renewal. Both greenfield and brownfield development areas require substantial investment in electricity and supporting infrastructure. At the same time, the Territory is transitioning away from gas, experiencing increased uptake of electric vehicles, rooftop solar and batteries, and preparing for significant growth in electricity demand. Against this backdrop, regulatory settings must promote affordability while ensuring the network and generation infrastructure necessary to support future growth can be delivered efficiently and equitably.

The Commission should also have regard to the difficult contemporary operating environment. Households and businesses are absorbing sustained cost pressures, while the construction and development sector continues to face elevated financing, labour, materials and regulatory costs. Electricity pricing decisions do not occur in isolation. Additional costs ultimately flow through to business viability, rents and the price of new homes.

We note the Discussion Paper has asked a number of questions and we have outlined our response to those below.

Do you have any comments on electricity prices and competition in the ACT or on other measures that could improve the balance between them to improve outcomes for ACT consumers?

The Property Council supports the objective of maintaining a competitive retail electricity market while ensuring standing offer customers are protected through an appropriate safety-net price.

Affordability must be considered within the broader economic environment. Households and businesses continue to face significant cost pressures, while the construction and development sector is managing elevated costs, labour shortages and productivity challenges. Additional electricity-related costs ultimately flow through to tenants, businesses and homebuyers.

The Commission should recognise that future electricity demand will be materially influenced by population growth and housing delivery, electrification of buildings through the gas transition, electric vehicle charging, electric appliances, and the expansion of rooftop solar, batteries and distributed energy systems. The framework should therefore address not only today's costs but also the efficient planning of the network needed for future demand.

Do you have any comments on our approach to regulating retail electricity prices?

The current approach of balancing efficient cost recovery with consumer protection remains appropriate. However, the framework should place greater emphasis on long-term system planning and investment requirements.

The ACT's continued growth and electrification agenda will require upgrades to transmission, distribution and local network infrastructure. The regulatory framework should recognise these future needs and support timely, efficient investment.

The Commission should avoid settings that recover a disproportionate share of growth-enabling infrastructure costs from a relatively small number of new developments or customers. Infrastructure that supports Territory-wide growth creates broader community and economic benefits and should be planned and funded accordingly.

Are there any aspects of the cost pass-through arrangements that should be revised?

The Property Council supports maintaining pass-through arrangements for genuine unforeseen events. Pass-through mechanisms should be transparent and predictable, subject to demonstrated efficiency requirements, avoid sudden price shocks, and allow significant increases to be phased where appropriate.

The Commission should also ensure these arrangements do not discourage investment in growth-enabling infrastructure required to support housing supply and economic development.

Do you have any comments on the timeline for setting the standing offer and reference price?

The Property Council has no specific concerns with the proposed timeline. Certainty and transparency are important for retailers and consumers. Any new arrangements associated with time-of-use tariffs or reference prices should be introduced with sufficient lead time for system implementation and clear customer communication and feedback.

Do you have any comments on the way components of the pricing model are calculated? Do you have any proposed changes or updates so that the pricing model better reflects the costs of a benchmark efficient retailer?

The Commission should continue to ensure the pricing methodology reflects prudent and efficient costs. In reviewing the cost stack, it should account for electrification policies, electric vehicle charging demand, distributed energy resources, future network investment arising from population and housing growth, and the cumulative impact of ACT and Commonwealth energy and climate policies.

The methodology should avoid unintended barriers to housing delivery or economic growth and should distinguish between costs attributable to individual developments and investments that strengthen the network for the benefit of the wider community.

Do any components of the cost-stack contribute to the standing offer price being materially above competitive market offers in the ACT? If so, what changes should be made, while maintaining the standing offer as a safety net and supporting effective competition?

Any review of cost-stack components should carefully balance affordability with the need to maintain infrastructure investment and system reliability.

Network-related costs should be viewed through the lens of future growth. The ACT is delivering housing through both greenfield development and urban infill, and electricity infrastructure investment will be required to support that pipeline.

The Property Council is concerned about approaches that place a disproportionate share of these costs on new housing at the point of development. Such costs are ultimately capitalised into the price of new homes or reflected in rents. Where an upgrade provides enduring, system-

wide benefits, its costs should be shared equitably across beneficiaries and, where appropriate, across time.

What changes to the commission's current pricing methodology would be required to determine a separate time-of-use standing offer?

If a separate time-of-use standing offer is introduced, the framework should remain simple, transparent and easy to understand. The Commission should avoid excessive administrative complexity that increases costs for retailers and, ultimately, customers.

The framework must also recognise that households and businesses have different usage profiles and differing capacity to move consumption away from peak periods. Customers should not be disadvantaged because the nature of their occupancy, operations or essential needs limits their practical ability to respond to price signals.

Should there be a separate reference price for time-of-use customers in the ACT?

The Property Council is cautious about introducing a separate reference price for time-of-use customers. While it may produce more accurate comparisons, it may also add complexity and consumer confusion. Any change should proceed only where it demonstrably improves transparency, customer understanding and decision-making.

Are there any additional risks, costs or market impacts that should be considered in establishing a separate standing offer price direction for customers on time-of-use plans in the ACT?

The Commission should consider the combined effect of the ACT's transition from gas to electricity, increasing electric vehicle uptake, rooftop solar and battery penetration, and growth in both greenfield and infill housing. Together, these trends will change load profiles, peak demand, network utilization, and augmentation requirements.

Administrative and compliance costs associated with new tariff arrangements should also be minimised, as they are ultimately borne by consumers. These issues reinforce the need for integrated planning across energy policy, network investment, land release, urban renewal and housing delivery.

Conclusion

The Property Council supports electricity pricing arrangements that protect consumers, promote competition and allow the recovery of prudent and efficient costs. However, the ACT's future energy needs cannot be considered separately from its housing, infrastructure and economic development objectives.

As Canberra grows and electrifies, substantial investment in network capacity and supporting infrastructure will be required. This investment must be planned early, transparently and in coordination with ACT land release, urban renewal, major development and housing targets. Electricity network planning should identify where and when capacity will be required, the upgrades needed to enable new communities and infill growth, and a fair pathway for funding those works.

Equity must be a core principle. Developers should meet the reasonable costs directly attributable to connecting their projects, but they should not be required to fund, upfront and in full, major network upgrades that provide enduring capacity and system-wide benefits well beyond an individual development. Loading these costs onto new projects simply transfers them to the price of new homes, commercial space and rents, undermining housing affordability and the viability of delivery. Where infrastructure serves future customers and the broader Territory, costs should be shared across beneficiaries, supported by government where there is a clear public benefit, and recovered over an appropriate period rather than concentrated at the point of development.

The Commission should therefore ensure its 2027–30 approach supports an integrated, forward-looking framework that aligns electricity pricing and network investment with the ACT's gas transition, electric vehicle uptake, rooftop solar and batteries, population growth and housing pipeline. The enduring test should be whether the framework delivers reliable energy, investment certainty and fair prices without creating a new infrastructure barrier to the homes and jobs Canberra needs.

I would be happy to discuss this with you further if you have any queries. [REDACTED]

Regards,

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