Institute for Energy Economics and Financial Analysis

Briefing Note

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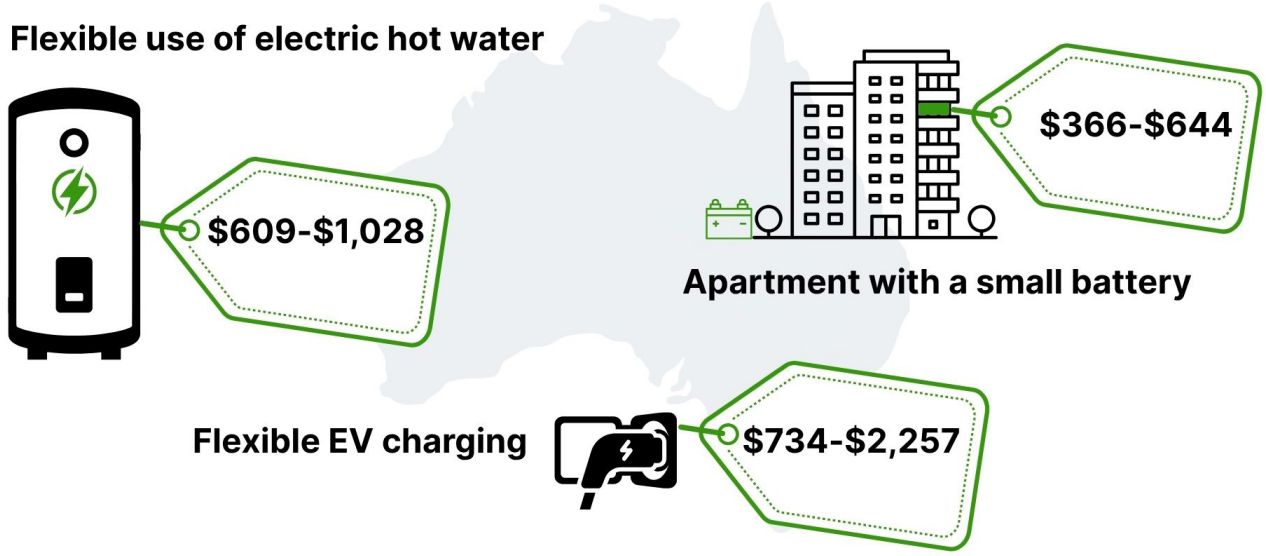
Growing the benefits of solar sharer tariffs

- *Increasing policy support for electrification would enable more households to benefit from solar sharer tariffs, which reward the flexible use of electric appliances including hot water systems and air conditioners.*
- *Solar sharer tariffs could offer annual savings of AUD731–2,257 for households with electric vehicles, if they can charge their car/s in the middle of the day.*
- *Solar sharer tariffs unlock new opportunities for batteries in contexts where rooftop solar is challenging, which could include plug-in batteries for apartments if regulatory barriers were removed.*
- *Future versions of the Solar Sharer Offer and Victorian Midday Power Saver could be improved by learning from innovations in competitive market offers, and by considering premium evening feed-in tariffs.*

Potential annual power bill savings from selected technologies with solar sharer (AUD)



Solar sharer tariffs are a product of Australia's renewable success

In 2025, Australia generated 43% of its electricity from renewable sources, including 21% from a combination of large-scale and rooftop solar. As a result of this extraordinarily high uptake, wholesale electricity prices in Australia's National Electricity Market (NEM) are routinely very low, and often negative, for a period in the middle of the day.

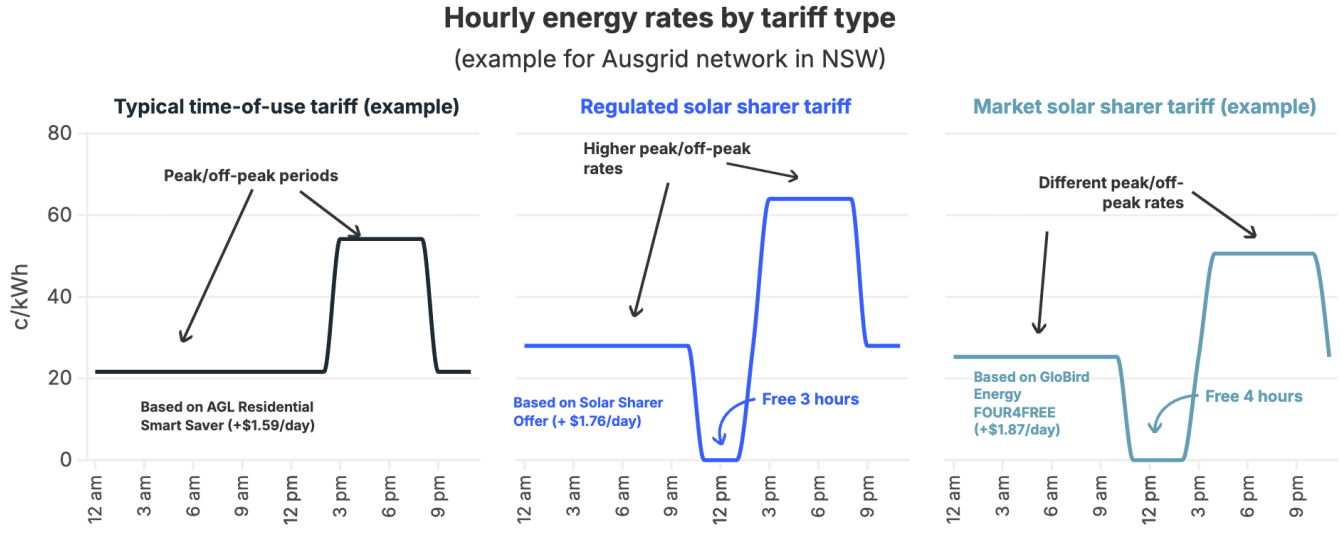
In response, the federal government has introduced a Solar Sharer Offer (SSO), which requires electricity retailers in regions where the regulated Default Market Offer (DMO) applies to offer a plan that includes three free hours of electricity each day. The scheme was launched in July 2026, and is available to consumers in New South Wales (NSW), South Australia and South-east Queensland.

The Victorian government is implementing a similar scheme called the Victorian Midday Power Saver (VMPS), which will come into effect in October 2026.

The SSO and VMPS lay out a minimum offering that all retailers must provide, alongside the existing DMO or Victorian Default Offer (VDO). However, retailers may choose to offer more competitive alternatives to these plans. Typical retail time-of-use plans, regulated solar sharer tariffs and solar sharer market tariffs can vary significantly (Figure 1). Regulated solar sharer tariffs provide a free three-hour window, balanced by higher rates at other times. Market solar sharer tariffs can differ in the duration of the free window, and the allocation of costs to the shoulder or peak periods.

In this briefing note, "solar sharer tariff" refers to any retail electricity plan with a period of free power in the middle of the day. This includes regulated tariffs (the SSO and VMPS) and market plans.

Figure 1: Solar sharer vs standard tariffs available on the Ausgrid network



Sources: EnergyMadeEasy (AGL, GloBird Energy) and Australian Energy Regulator.

Who benefits under solar sharer tariffs?

Free electricity is an enticing offer. However, for most households, electricity consumption peaks in the evening, outside the free solar sharer window. Households that can consume more energy during this midday period naturally stand to benefit the most from solar sharer tariffs.

This analysis seeks to identify the highest impact opportunities for households to take advantage of solar sharer offers, and the potential energy bill savings that could be achieved. The opportunities here were informed by exploratory analysis undertaken in IEEFA's in-house household energy model. More details of this modelling can be found in the Technical Appendix. The scope of the analysis focuses on capital cities in regions where regulated solar sharer tariffs are, or will soon be available: Sydney, Melbourne, Adelaide and Brisbane.

Opportunity 1: Hot water

Homes with electric hot water systems

More than 40% of households in Australia use an electric storage hot water system — mostly with a resistive heating element. These water heaters can be considered flexible loads. It doesn't matter what time of day the water is heated, so long as hot water is available in the tank when it is needed.

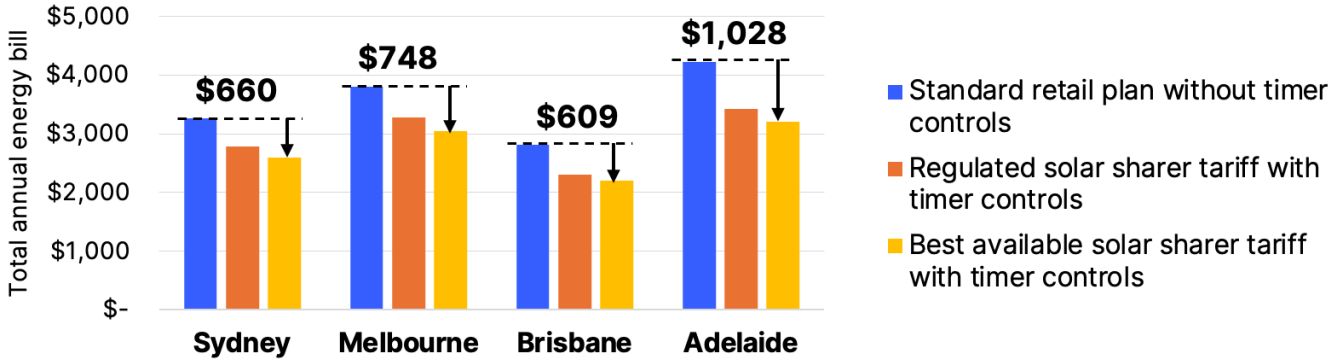
Sometimes, the availability of electricity to the hot water system is controlled by the electricity distribution network via a "controlled load" circuit. Historically , controlled loads were used to run hot water systems overnight, which was convenient both for reducing peak demand in the day, and for increasing demand to support coal power stations to stay operational.

As renewable energy displaces coal across the NEM, excess solar power is available in the middle of the day, which now presents an ideal time to operate hot water systems. Some electricity networks are shifting their controlled loads to coincide with this period. However, customers can also benefit from simpler controls such as a timer.

Some hot water systems include timers. Alternatively, timer switches (available for less than AUD100, plus installation) can be retrofitted to an existing switchboard. This enables a household to run its hot water system when electricity prices are low — such as the free window of a solar sharer tariff.

IEEFA found that switching from a standard, non-controlled hot water system to the best available solar sharer tariff could save a typical household AUD609–1,028 on its annual energy bill (Figure 2).

Figure 2: Potential savings for homes with an electric hot water system (AUD)



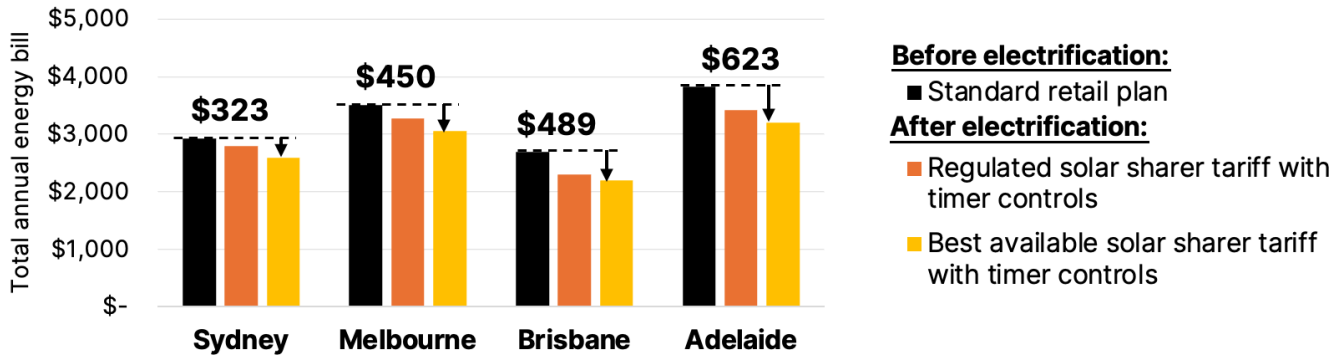
Source: IEEFA. Note: See Technical Appendix for further details, including a comparison against controlled load tariffs.

Homes with gas hot water systems

Half of Australian homes use gas for their hot water. While this often has lower running costs than resistive electric hot water systems, it is one of the least efficient options, and far more expensive than the most efficient electric option: a heat pump hot water system.

Irrespective of the new electric system's efficiency, a household electrifying its gas hot water system could achieve deeper savings by switching to a solar sharer tariff and timer controls. The savings (compared with pre-electrification) range from AUD323–623 for a typical home (Figure 3).

Figure 3: Savings for homes switching from gas to electric hot water systems (AUD)



Source: IEEFA. Note: These savings do not vary depending on the efficiency of the electric hot water system. See Technical Appendix for further details.

This analysis assumes households can meet all of their water heating needs during the solar sharer period, which we expect to be true for many. Some households with larger consumption may need to consume additional energy outside the solar sharer window. These homes are still likely to have a net saving, and further results can be found in the Technical Appendix.

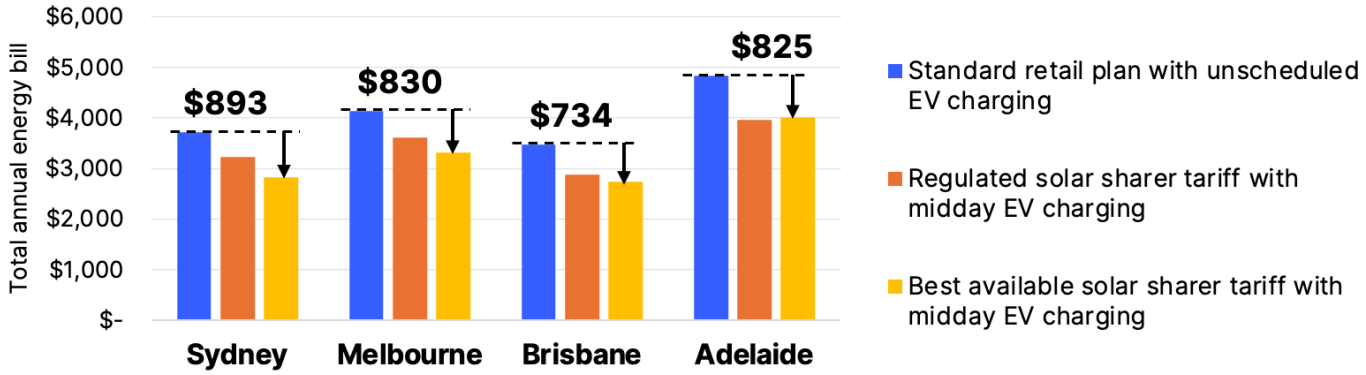
Opportunity 2: Electric vehicles

Electric vehicles (EVs) are growing in popularity in Australia. One in every three new cars sold in the second quarter of 2026 was either a battery or plug-in hybrid EV. The cheapest EV available in Australia as of August 2026 has a base price of just AUD23,990, making it one of the cheapest new cars available overall.

EVs already offer considerably lower running costs. Rewiring Australia estimates that charging costs using grid electricity are about half the equivalent costs of fuelling a combustion engine vehicle. Solar sharer tariffs present an opportunity to lower those costs even further.

IEEFA found a typical household with one EV travelling 270km a week could save a further AUD731–893 a year by switching from a standard retail plan to a solar sharer tariff, and charging the car during the free window with a 7 kilowatt (kW) charger (Figure 4).

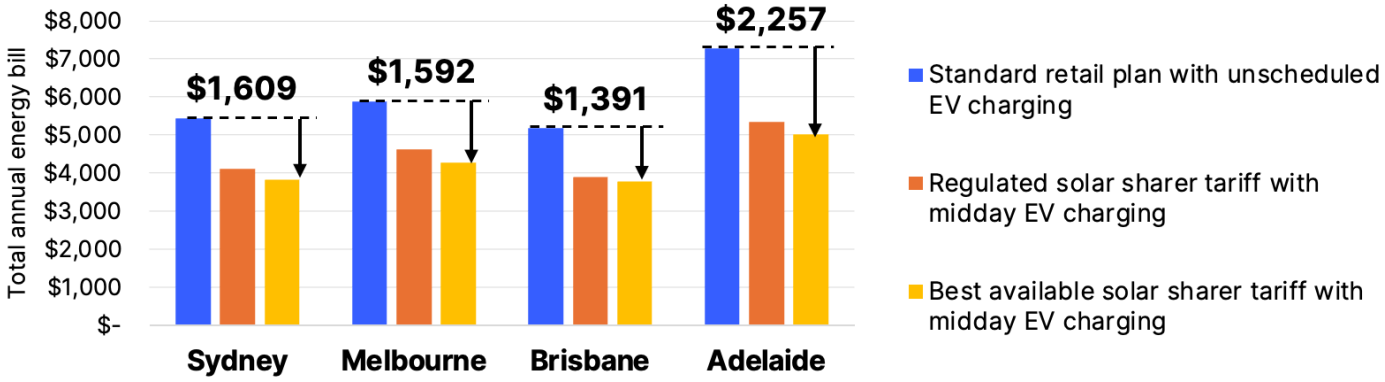
Figure 4: Potential energy bill savings for homes with a single EV (AUD)



Source: IEEFA. Note: See the Technical Appendix for further details.

More than half of Australian households have more than one vehicle. If the same opportunity were taken advantage of for two EVs, the savings reach AUD1,341–2,257 a year (Figure 5).

Figure 5: Potential energy bill savings for large homes with two EVs (AUD)



Source: IEEFA. Note: Household size of five people assumed in this scenario. See the Technical Appendix for further details.

For homes with only one EV, we found it was necessary to charge the vehicle twice a week during the midday period, using a standard 7kW charger. For larger households with two EVs, we assumed that at least one vehicle would be charging on a given day of the week.

Homes that are only able to charge in the solar window on limited days of the week could still achieve savings — albeit lower than those on the charts above. Conversely, homes with below-average vehicle use may be able to meet their charging requirements over fewer days.

Box 1: Solar sharer usage caps

In the majority of scenarios in this note, total electricity consumption during the solar sharer window fell well below the 24kWh daily cap that applies under the SSO and VMPS .

However, in some scenarios featuring bi-weekly EV charging, and a small number of scenarios featuring household batteries, we found electricity consumption did approach or slightly exceed the cap.

Households that exceed this cap will usually be charged at peak or shoulder rates for any further usage. This could easily be triggered for large households, or households that choose to combine multiple actions discussed in this note.

This is less of a concern under market solar sharer tariffs. which tend to include significantly higher caps (e.g. 50kWh for GloBird Energy) or no cap, subject to fair use policies (e.g. OVO Energy). In the case of EV charging, it could also be mitigated by spreading the charging over more days of the week.

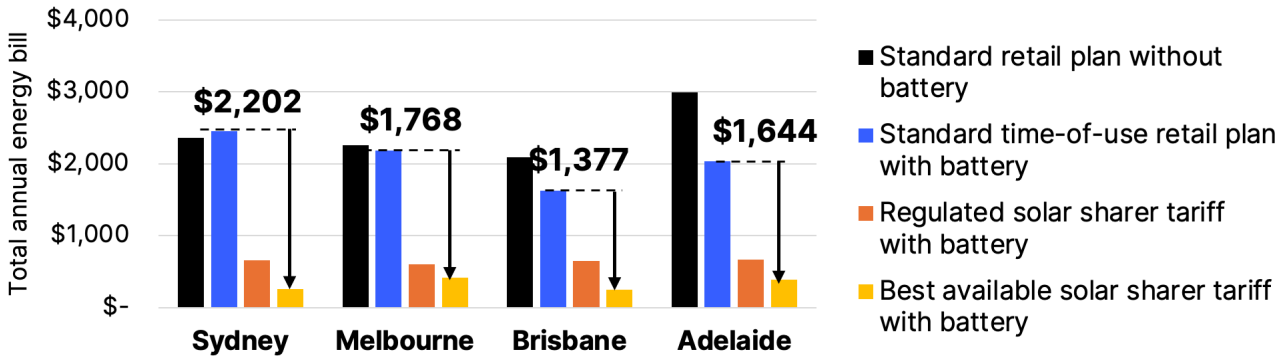
Opportunity 3: Batteries

Residential battery uptake has skyrocketed since the launch of the federal Cheaper Home Batteries Program in 2025, with more than 500,000 Australian homes installing a battery. To access rebates under the program, households must have or install a rooftop solar system.

While it is theoretically possible to install a battery without a solar system, and charge it from the grid, this only makes financial sense for households under particular conditions. Solar sharer tariffs create such conditions by providing a window for households to charge the battery at no cost, subject to any daily caps (Box 1).

IEEFA found this to be one of the most significant opportunities presented by solar sharer tariffs. Households with a 20kWh battery but no solar system could unlock savings of AUD1,377–2,202 a year by switching to a solar sharer tariff and charging their battery in the middle of the day (Figure 6). Previous IEEFA analysis has shown batteries are one of the most effective ways for homes to lower — or eliminate — their electricity demand at peak times.

Figure 6: Potential energy bill savings for a home with a 20kWh battery, no solar (AUD)



Source: IEEFA. Note: Efficient electric appliances assumed in this scenario. See the Technical Appendix for further details.

Critically, these savings require a household to have electric appliances for major energy end uses, and households that rely on gas will have more limited benefits from battery systems generally. IEEFA assumed these electric appliances would be efficient, to make the best use of the battery's capacity.

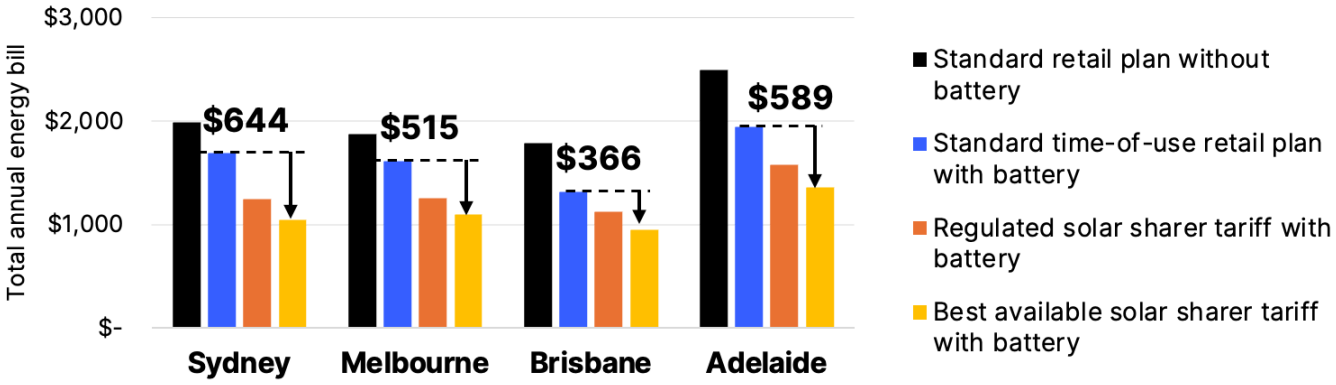
This does not necessarily mean it is cost-effective for homes to purchase a battery without a solar system. For example, the installed cost of a 20kWh battery and inverter, without the Cheaper Home Batteries Program rebate, could exceed AUD22,000 , implying a payback period of 10 or more years even under the best available solar sharer tariff.

This does, however, carry implications for households that face challenges in accessing rooftop solar. This can include some people who live in apartments, and particularly renters .

IEEFA modelled the savings for a typical apartment without solar installing a 5kWh battery system, and found they could save an additional AUD366–644 a year by switching to a solar sharer tariff (Figure 7). Five kilowatt hours (5kWh) is a common size for a plug-in battery system, however they are not widely used in Australia due to regulatory and standards-based hurdles.

These systems are more common in several other regions, including Germany , where 5kWh plug-in batteries are available for less than €1,000 (AUD1,631). If similar costs were achieved in Australia, this would imply a very competitive payback period of 2.5 to 4.9 years under the best available solar sharer tariff.

Figure 7: Potential savings for an apartment with a 5kWh battery, no solar (AUD)



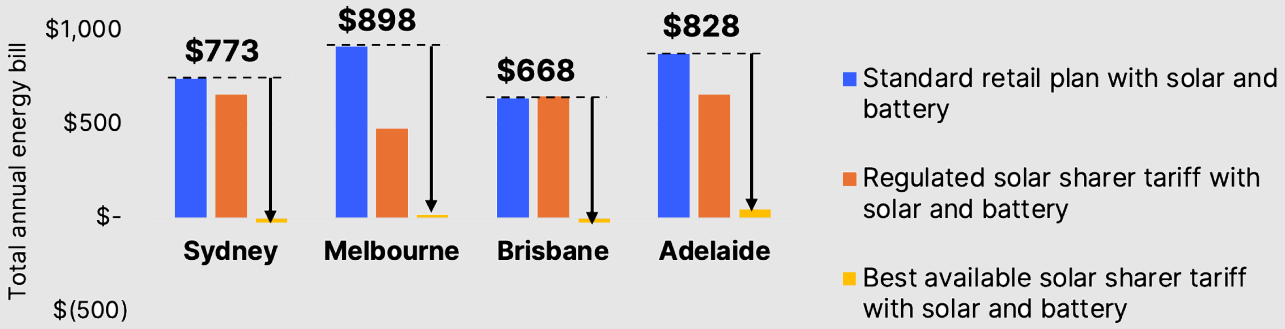
Source: IEEFA. Note: Efficient electric appliances assumed. See Technical Appendix for further details.

Box 2: Households with solar and batteries

Solar sharer tariffs were not explicitly designed for homes with solar panels. Figure 10 shows switching to the regulated solar sharer tariff yielded mixed results for homes with solar and batteries — with no savings in Brisbane, some savings in Sydney/Adelaide, and considerable savings in Melbourne.

However, there is an extraordinary difference between the regulated and best market solar sharer tariffs. This is due to some market plans offering a premium feed-in tariff for evening battery exports in addition to the free power window. This is not a feature of every solar sharer tariff, and neither the SSO nor VMPS include a regulated minimum feed-in tariff.

Figure 8: Potential savings for a home with a 20kW battery and 8kW solar (AUD)



Source: IEEFA. Note: Efficient electric appliances assumed. See the Technical Appendix for further details.

Previously, IEEFA identified that electrified homes in cool regions may be unable to fully charge a battery on some winter days, when peak electricity demand will become increasingly important as more heating loads are electrified. Allowing batteries to import energy from the grid on these days was a critical solution to ensure they could deliver value to the system, and Figure 8 shows how some tariffs can reward this behaviour.

Furthermore, many Australian households have installed batteries that are larger than they need to meet their energy needs. This capacity can be utilised if batteries export to the grid at peak times, but less than a quarter of battery owners are signed to virtual power plant (VPP) programs that enable these exports.

Solar Sharer Tariffs could be an effective way to encourage battery imports from the grid as needed. Combining them with higher evening feed-in tariffs could help ensure batteries export when needed.

Opportunity 4: Pre-cooling and heating

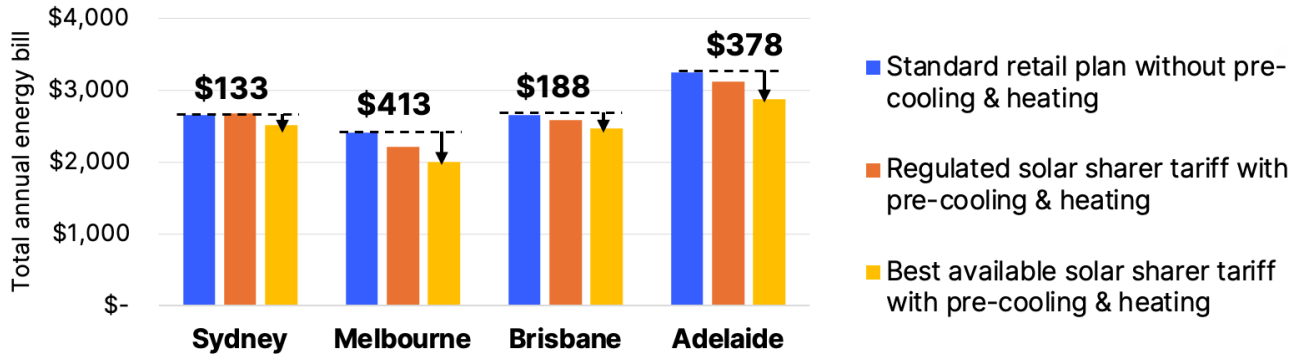
Pre-cooling and heating refers to running air conditioning or electric heating in the middle of the day, aiming to set the house at a comfortable temperature for the evening. It could be enabled in several ways, including using timer controls built-in to most modern air conditioners, which could make it a low- or no-cost action for many households.

Pre-cooling and heating is most effective for thermally efficient homes that can retain heat and coolth. Unfortunately, this excludes many older homes in Australia, which have a typical NatHERS star rating of only 1.8 out of 10.

However, the proportion of dwellings that can take advantage of pre-heating and cooling is growing. Minimum thermal efficiency ratings of five NatHERS stars or higher have been in place in many states and territories since the mid-2000s, with some states now having adopted a seven-star standard.

Previous IEEFA analysis found that while pre-cooling and heating can offer significant peak demand savings, it presents very limited financial savings for consumers under standard retail tariffs. Solar sharer tariffs change this dynamic considerably. By drawing on free electricity in the middle of the day, pre-cooling and heating could save a typical home AUD133–378 a year (Figure 9).

Figure 9: Potential savings for homes enabling pre-cooling and pre-heating (AUD)



Source: IEEFA. Note: Home assumed to have a four-star NatHERS rating and use a reverse-cycle air conditioner for heating and cooling. See the Technical Appendix for further details.

Sydney was a notable outlier, where enabling pre-cooling and heating under a regulated SSO led to slightly worse outcomes. This was due to a thermally efficient home in Sydney having relatively mild heating and cooling loads. The savings from shifting more of this to the free window were not enough to outweigh the fact that, under the SSO, the home was paying a higher rate for electricity in the peak and shoulder periods. By switching to a competitive solar sharer tariff, the household could save money.

Other opportunities

Pool pumps

Households with a swimming pool have an additional specific opportunity to switch their pool pumps to operate in the middle of the day. Fourteen percent of homes in Australia have a swimming pool, rising to 19% in Brisbane and 24% in regional Queensland (including the Gold Coast).

An average pool pump may consume more than 2,000kWh electricity each year (AUD800 at an average electricity price of 40¢/kWh). It is estimated half of all pool pumps are operational during peak demand events. However, they are flexible loads. A pool pump typically needs to operate for 8–10 hours a day in summer and somewhat less in winter.

In theory, this means most households should be able to shift 30–50% of their pool pump load into the solar sharer window, depending on the choice of tariff. These savings could be greater if households are able to minimise the overall running time of the pump, and optimisation products are available to pool owners.

Other household appliances

Any electricity demand that can be shifted to the middle of the day presents an opportunity to benefit from solar sharer tariffs. This could include other appliances, such as dishwashers, washing machines and dryers that can be operated on a timer.

For households that already have modern, efficient versions of these appliances — the annual running costs of these appliances may already be small. For example, according to EnergyRating, with an electricity rate of 40¢/kWh , a five-star dishwasher has an estimated annual running cost of AUD67, a five-star washing machine AUD68–106 and a 10-star heat pump dryer AUD42–49. This limits the savings available.

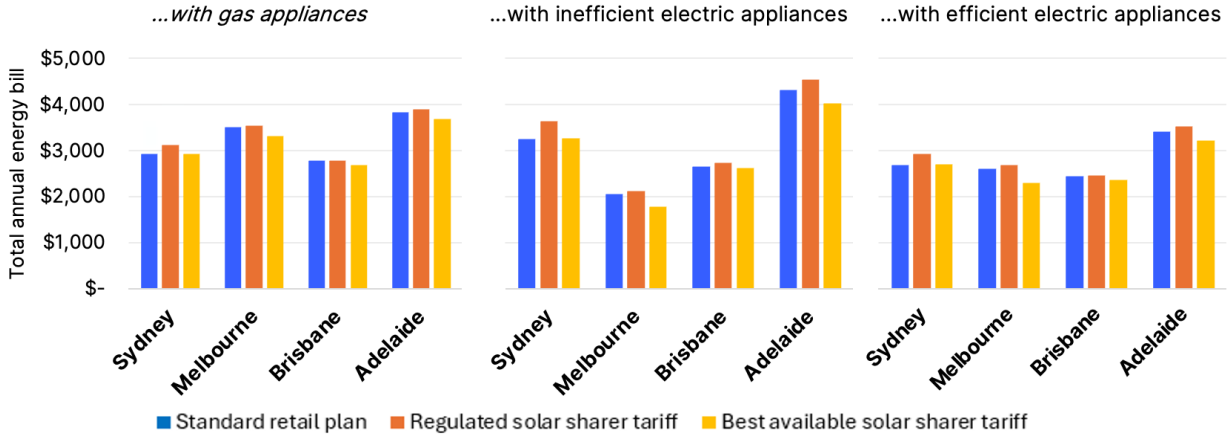
Inefficient versions of these appliances could cost two to four times to run, or higher for homes with above-average usage, and therefore offer more potential for savings. However, there may be some limits on the degree to which households can shift these loads into the solar sharer window. For example, one full wash and dry cycle on a modern washing machine and dryer can take more than three hours. This opportunity also requires more of a conscious behaviour change compared to some of the other options discussed in this note.

Who is unlikely to benefit from solar sharer tariffs?

As a general rule, IEEFA found households that are unable to flex their energy loads, or participate in the above activities, are less likely to benefit from solar sharer tariffs.

For a household with a typical load profile, under various combinations of household appliances, moving from a standard major retailer tariff to a solar sharer tariff either led to minimal change in their energy bill, or a slight increase (Figure 10). While not modelled, it is likely that homes with more load concentrated outside of the solar sharer window may see more of an increase.

Figure 10: Energy bill outcomes for three typical homes without flexible demand



Source: IEEFA. Note: Assumes typical usage patterns for hot water, heating and cooling, and no battery or EV. See the Technical Appendix for further details.

This could affect a number of households. For example:

- **Renters** are free to choose solar sharer tariffs. But they are unable to switch gas appliances in their homes to electric alternatives to take advantage of the free power window.
- **Some apartment owners** may face barriers to complete electrification — such as the presence of shared gas hot water systems — which also limits their ability to benefit from solar sharer tariffs.
- **Thermally inefficient homes** are unable to realise the full benefits of pre-cooling and pre-heating. This includes the majority of existing dwellings in Australia.
- **Some EV owners** will be unable to charge their vehicles in the middle of the day. (Although we found that charging only twice a week in the midday period was necessary for a single EV.)

Conclusion

While solar sharer tariffs may not benefit every household, IEEFA identified a range of opportunities that could enable more households to benefit from them.

Electrification increases the benefits of solar sharer tariffs

Electrification is already a key cost-saving measure for households. But combining this with solar sharer tariffs could unlock significantly more savings for homes that can shift their hot water consumption, and/or engage in pre-cooling and heating.

Recommendation 1: Increase policy support for electrification.

Upfront costs can be a major barrier to electrification. There is a patchwork of policies across Australian governments that provide support for this. Victoria offers the strongest incentives for electrification under its Victorian Energy Upgrades and Solar Victoria programs. But federal incentives are limited only to heat pump hot water systems.

Renters face particular barriers as they are unable to upgrade the fixed appliances in these homes. In a recent report, IEEFA outlined the opportunity to improve rental properties, noting that strong minimum rental standards are one of the few levers to overcome the "split incentive" barrier. So far, only Victoria plans to introduce minimum rental standards that include efficient electric appliances.

Solar sharer tariffs reward the flexible potential of existing appliances

The simple act of switching an existing hot water system to timer controls could save a typical household AUD609–1,028 with a solar sharer tariff, and many homes have an existing air conditioner that could be used for pre-cooling.

Recommendation 2: Unlock the flexible potential of existing appliances.

Some electric hot water systems and air conditioners have built-in flexibility in the form of timer controls, and/or Wi-Fi technology that could enable more sophisticated controls via the manufacturer's mobile app. But these are not universal inclusions.

Previous IEEFA analysis found that dynamic management of hot water systems would be beneficial, and recommended that government subsidies and standards be updated to ensure new systems sold in Australia have the smart capability to support this.

We also noted that it should be cost-effective to require new reverse-cycle air conditioners to include smart controls by default, and that low-cost add-on sensors could be subsidised to unlock flexibility in older systems.

Solar sharer tariffs can lower the running cost of EVs even further

EV sales are rising in Australia, and EVs already offer substantially lower running costs than combustion engine vehicles. Households able to charge their EV at home in the middle of the day could save an additional AUD731–893 under solar sharer tariffs (or AUD1,341–2,257 for a large home with two vehicles).

Recommendation 3: Support more midday charging of EVs

Governments should improve the information available to consumers on how solar sharer tariffs can lower the running cost of EVs charged in the middle of the day. This could include by expanding energy plan comparison services (such as Energy Made Easy or Victorian Energy Compare) to provide specific advice for current or prospective EV owners. This could clearly outline how they could save under solar sharer tariffs, and the necessary conditions to enable this (such as the type of charger, and frequency of charging required).

Solar sharer tariffs unlock new opportunities for home batteries

Solar sharer tariffs create a new opportunity for households without solar to benefit from batteries. This could be particularly important for households that face difficulties accessing rooftop solar — including many apartment dwellers and renters — who could benefit from plug-in battery solutions that have become popular in other countries.

Furthermore, solar sharer tariffs can help unlock additional capacity for existing battery systems by encouraging imports of grid energy when it is most needed. Electricity plans that offer high evening feed-in tariffs provide even greater benefits — and could unlock the significant latent export potential in Australia's stock of large home batteries.

Recommendation 4: Unblock the barriers to plug-in battery and solar systems

Plug-in battery systems have become popular in certain jurisdictions — notably Germany — as they can be readily installed without permanent modification to most dwellings. However, a number of regulatory and standards barriers prevent the deployment of plug-in battery and solar systems in Australia.

New Zealand's Ministry of Regulation has recently recommended legalising plug-in solar systems subject to appropriate safety standards, and the United Kingdom has updated its wiring regulations to allow small systems to be installed without an electrician. The Australian government should initiate a review into enabling plug-in solar and battery systems, including the technical standards that would need to be updated to allow these products to be safely and legally installed in homes.

Market solar sharer plans present a better deal than regulated offers

For most of the opportunities discussed here, households could save if they switched from their existing retail plan to the regulated solar sharer offers retailers in NSW, Victoria, South Australia and South-east Queensland are required to provide. However, IEEFA consistently found solar sharer plans available on the market offered greater savings than the regulated offer.

For example, at least two retailers offer solar sharer tariffs with a window of four free hours of electricity in the middle of the day. Other retailers offer other variations — for example, some tariffs offer a more constrained free window of two hours, but may compensate for this by offering lower peak rates.

Some retailers have combined free solar sharer windows with premium evening export tariffs — presenting a compelling plan for battery owners.

Furthermore, most market solar sharer offers include a higher cap on daily consumption in the free window (or handle this via a fair use policy, as opposed to a strict cap). This is likely to be helpful for households that wish to combine multiple opportunities discussed in this note.

Recommendation 5: Improve the regulated solar sharer offerings in future iterations

While it is reasonable to expect the retail electricity market to deliver products that are more competitive than the default offer, the Australian Energy Regulator and Victoria's Essential Services Commission should analyse these market offerings to determine whether structural improvements could be made to the SSO and VMPS that would enhance their success. This could include, for example, expanding the window of free electricity for at least part of the year, introducing a regulated minimum evening feed-in tariff, or considering alternatives to the 24kWh daily cap.

About IEEFA

The Institute for Energy Economics and Financial Analysis (IEEFA) examines issues related to energy markets, trends and policies. The Institute's mission is to accelerate the transition to a diverse, sustainable and profitable energy economy. www.ieefa.org

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