

# Victorian Midday Power Saver: Technical Paper

22 May 2026

## Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

### An appropriate citation for this paper is:

Essential Services Commission 2026, Victorian Midday Power Saver: Technical Paper, 22 May

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# Victorian Midday Power Saver: Technical paper

The Victorian Midday Power Saver is a new regulated time of use maximum tariff that will be available to residential customers from 1 October 2026. Customers who opt-in to the Midday Power Saver will receive three consecutive hours of free electricity usage each day at a designated time.

The Essential Services Commission (the commission) was asked by the Minister for Energy and Resources to assist with design and implementation of the Midday Power Saver by providing advice on suggested tariffs. Specifically, the commission was asked to provide suggested tariffs which:

- set the time of the day where retail tariffs are set to \$0 per kWh
- set tariffs for each distribution zone
- incorporate a cost stack methodology aligned to that used for the time of use Victorian Default Offer, based on efficient costs of the sale of electricity by a retailer (wholesale, network, environmental and retail operational costs)
- set an appropriate retail tariff for excess energy consumed during the free period above the fair use cap.

The Minister for Energy and Resources also asked for the commission's views on any further safeguards that might help support better outcomes for customers.

## How to use this paper

This technical paper sets out the commission's advice to the Minister in relation to tariffs and consumer protections we recommend should apply to the Midday Power Saver. It explains the approach we took to arrive at these recommendations and details the considerations we had regard to when making our decisions. It also sets out the methodology we used when calculating the suggested 2026–27 Midday Power Saver tariffs.

This paper is primarily intended to be used by electricity retailers to plan for implementation of the Midday Power Saver, as well as to provide other interested parties with information about the design and implementation of the offer. While the paper sets out our recommendations which retailers should plan for, we note that the final design of the Midday Power Saver offer is subject to Ministerial decision.

## Our proposed Midday Power Saver

In our advice to the Minister, we have recommended that the 2026–27 Midday Power Saver be structured as follows:

- that the daily three-hour period during which retail tariffs are set to \$0 kWh is fixed year-round at 11 am – 2 pm local time across Victoria
- the offer comprises of a four-part usage tariff structure plus a daily supply charge, based on the three-part 2026–27 time of use Victorian Default Offer
- that costs incurred during the free usage period are recovered across all other time periods of the day
- that the solar soak tariff applies to excess energy consumed above the fair use cap.

Protections set out in the Energy Retail Code of Practice (the code of practice) that apply to customers on standard retail contracts will also apply to the Midday Power Saver.

## How the Midday Power Saver will be implemented

The Midday Power Saver will be implemented as a regulated electricity standing offer via an Order of the Governor in Council under section 13(1) of the *Electricity Industry Act 2000*. The prices set for the Midday Power Saver will be the maximum prices electricity retailers can charge customers.

The Midday Power Saver will offer a daily, consecutive three-hour period during which retail tariffs are set to \$0 kilowatt hour. All retailers that have more than 1,000 customers will be required to offer the Midday Power Saver as an opt-in tariff for all residential customers with a smart meter. Terms and conditions for the offer will be based on those for standard retail contracts.

The Midday Power Saver will be implemented separately from the Victorian Default Offer, reflecting the different purposes of the two standing offers. The Victorian Default Offer will remain a safeguard for customers unwilling or unable to engage in the market, while the Midday Power Saver will provide an offer suitable for engaged customers who are able to shift their energy use into the middle of the day. Unlike the Victorian Default Offer, retailers will not be required to benchmark market offers against the Midday Power Saver at this stage.

In the first year of the Midday Power Saver, the offer will be available from 1 October 2026 to 30 June 2027. From 2027–28 onwards, the commission will set the Midday Power Saver tariffs annually, with prices to apply from 1 July to 30 June each year.

## Recommended Midday Power Saver tariffs from 1 October 2026 to 30 June 2027

The Midday Power Saver is a maximum price comprising of a four-period usage tariff plus a daily supply charge. Table 1 shows the 2026–27 Midday Power Saver tariffs (including charges for usage outside the free usage period) recommended by the commission for each distribution zone.

**Table 1: Victorian Midday Power Saver four-period time of use maximum tariffs for the period 1 October 2026 to 30 June 2027 — domestic customers without controlled load (charges inclusive of GST)**

	Supply charge (\$/day)	Off peak (\$/kWh)	Free Usage Period (\$/kWh)	Solar Soak (\$/kWh)	Peak (\$/kWh)
		9 pm – 11 am	11 am – 2 pm	2 pm – 4 pm	4 pm – 9 pm
Ausnet	\$1.2824	\$0.2478	\$0.00	\$0.1976	\$0.4982
CitiPower	\$1.2114	\$0.2322	\$0.00	\$0.1864	\$0.4036
Jemena	\$1.2712	\$0.2394	\$0.00	\$0.1983	\$0.3975
Powercor	\$1.3805	\$0.2462	\$0.00	\$0.1939	\$0.4381
United Energy	\$1.1912	\$0.2427	\$0.00	\$0.1939	\$0.4245
Victorian average	\$1.2673	\$0.2417	\$0.00	\$0.1940	\$0.4324

We have based the Midday Power Saver on the three-period 2026–27 time of use Victorian Default Offer. Table 2 sets out the network tariffs used to set the Midday Power Saver across all Victorian distribution zones.

**Table 2: Network tariffs eligible for the Midday Power Saver**

Distribution zone	Domestic tariff
AusNet Services	Small Residential Time of Use, NASS11
CitiPower	Residential ToU, CRSTOU
Jemena	Residential Time of Use Daytime Saver, A130
Powercor	Residential ToU, PRSTOU
United Energy	Residential ToU, URSTOU

Customers may still need to pay for other charges not related to general usage, such as controlled load tariffs. We also note that retailers can charge tariffs below these maximum prices. This includes the price applying to the customer’s usage above the excess usage cap.

## **Our approach to setting the 2026–27 Midday Power Saver tariffs**

### **Overarching goals**

The commission has approached the design of the suggested Midday Power Saver tariffs with several goals in mind. These included:

- lowering total system cost (wholesale and network) and bills by encouraging customers to shift their electricity usage from the evening peak into daytime
- minimising unintended consequences which result in customers being worse off
- lessening potential equity issues in how benefits may accrue to customers with consumer energy resources or with particular consumption characteristics
- consistency with the Australian Energy Regulator’s Solar Sharer Offer, while having regard to the specific characteristics of the Victorian electricity system.

We have also considered additional factors relevant to specific aspects of the tariff design, including matters raised in submissions to our 2026–27 Victorian Default Offer consultation. These factors, and their impact on our thinking, are explained below.

### **The free usage period is between 11 am and 2 pm**

We recommend that the daily three-hour window during which the free usage period applies (and retail tariffs are set to \$0 kilowatt hour) be fixed year-round at 11 am – 2 pm local time across Victoria. This means that the free usage period will occur at 11 am – 2 pm every day of the year. It would not shift with daylight savings or change of seasons or across each network distribution zone.

The commission has arrived at a 11 am – 2 pm time window after considering network tariff structures, average network demand across seasons, daytime price outcomes, and patterns of renewable generation. Additionally, we also considered that having a fixed window year-round would be simple for customers to understand and for retailers to implement.

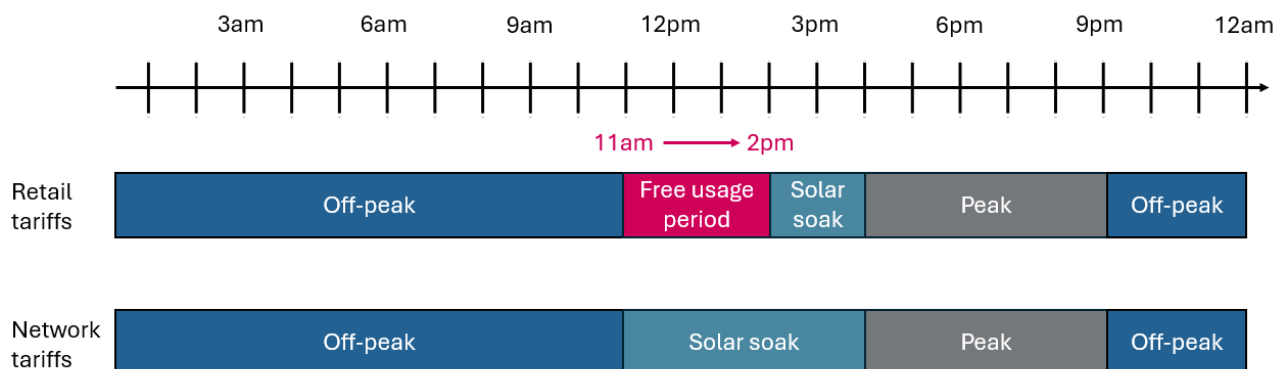
### **Network tariff structures**

From July 2026, Victorian distribution network service providers will introduce a low-cost daytime tariff ‘solar soak’ period into the default time of use network tariffs. The ‘solar soak’ period will be from 11 am – 4 pm every day of the year. We considered alignment of the free usage period with network tariffs is necessary to reduce customer confusion and the complexity of implementation, as well as ensuring it is cost reflective. Interested parties told us that the ‘solar soak’ network tariff

is not zero cost, however they would support alignment with the network tariff time of use structure.<sup>1</sup>

Figure 1 compares the time of use periods for the Midday Power Saver and the new solar soak period for distribution network tariffs in 2026–27.

**Figure 1: Retail and network tariff timing for 2026-27 Midday Power Saver**

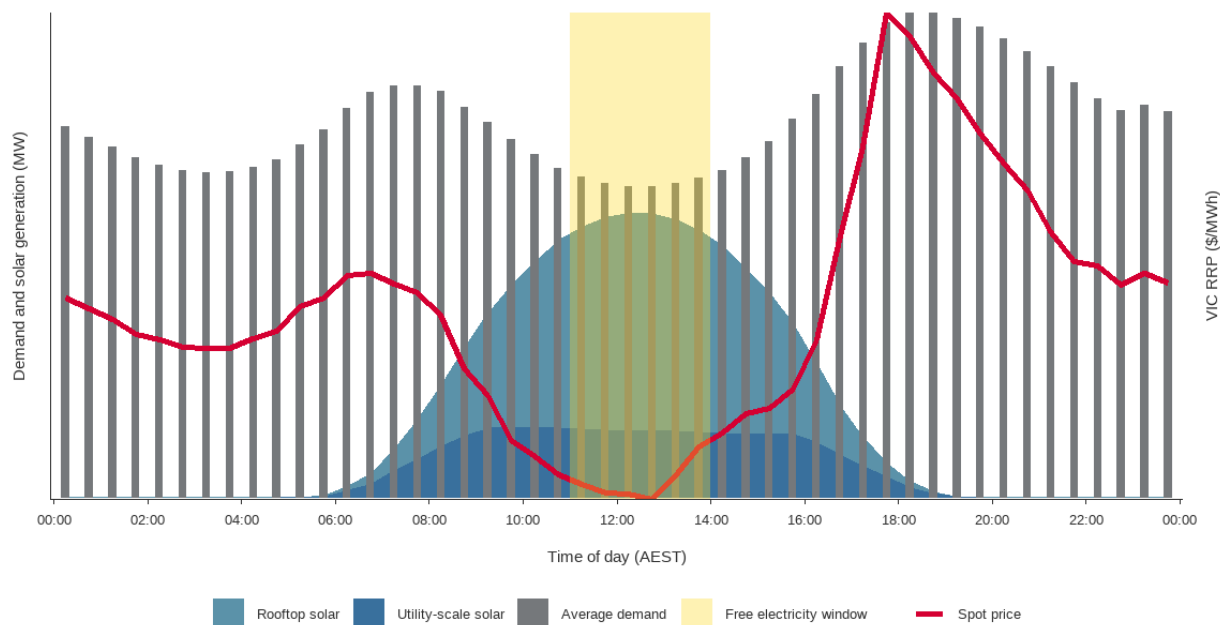


### Systems benefits

We analysed historic data on spot market prices, average demand and renewable generation, and believe system benefits are best optimised with a free usage period of 11 am – 2 pm. Figure 2 shows that the selected three-hour period (11 am – 2 pm) aligns with the lowest levels of average demand, lowest average daytime spot prices and the highest levels of solar generation.

<sup>1</sup> Submissions to the Essential Services Commission: *2026–27 Victorian Default Offer: Request for Comment Paper*, November 2025: AusNet Services, pp. 1–2; Australian Energy Council, p. 9; CitiPower, Powercor and United Energy, pp. 1–5; Electrify Boroondara p. 1; Energy Locals pp. 1–2; EnergyAustralia, p. 1; Powershop, pp.1–2. Submissions to the Essential Services Commission: *2026-27 Victorian Default Offer: Draft Decision Paper*, March 2026: Alinta Energy, p. 2; Australian Energy Council, pp. 4–5; EnergyAustralia, pp. 1–2.

**Figure 2: Comparison of average half-hourly electricity demand, spot prices, and renewable generation over calendar years 2023 to 2025**



Submissions raised concerns to us about potential adverse network impacts from customers demanding more energy than expected.<sup>2</sup> The government has advised the objective of the Midday Power Saver is to encourage customers to shift their demand from peak times into the middle of the day which, depending on uptake and responsiveness, may increase daytime demand.

Setting the value of an excess usage cap, as well as prices above this cap, may help address localised network impacts. We otherwise note that load shifting into the middle of the day is the intent of this policy and recommend that government continue to monitor any voltage issues faced by distribution network service providers. As noted above, distribution network services providers already proposed a low-cost daytime network tariff to encourage more electricity usage in the middle of the day to help avoid future network augmentation costs.

Submissions noted the volatility of wholesale electricity prices within seasons in Victoria.<sup>3</sup> Victorian demand for electricity is higher in winter than spring or summer, with less solar output. While overall electricity demand was higher in winter in our analysis of historic data, the overall usage pattern was broadly consistent, with the lowest demand occurring during the later morning to early

<sup>2</sup> Submissions to the Essential Services Commission: *2026–27 Victorian Default Offer: Request for Comment Paper*, November 2025: AGL Energy, p. 7; Australian Energy Council, p. 9; CitiPower, Powercor and United Energy, pp. 1–5; Lighter Footprints, p.3. Submissions to the Essential Services Commission: *2026–27 Victorian Default Offer: Draft Decision Paper*, March 2026: AGL Energy, p. 3; Electrify Boroondara part 1, p.2.

<sup>3</sup> Submission to the Essential Services Commission: *2026–27 Victorian Default Offer: Request for Comment Paper*, November 2025: AGL Energy, pp. 2–4. Submission to the Essential Services Commission: *2026–27 Victorian Default Offer: Draft Decision Paper*, March 2026: AGL Energy, p.3.

afternoon across all seasons. Therefore, we consider that the window of 11 am – 2 pm remains suitable across seasons.

### The Midday Power Saver will comprise of a four-part tariff plus daily supply charge

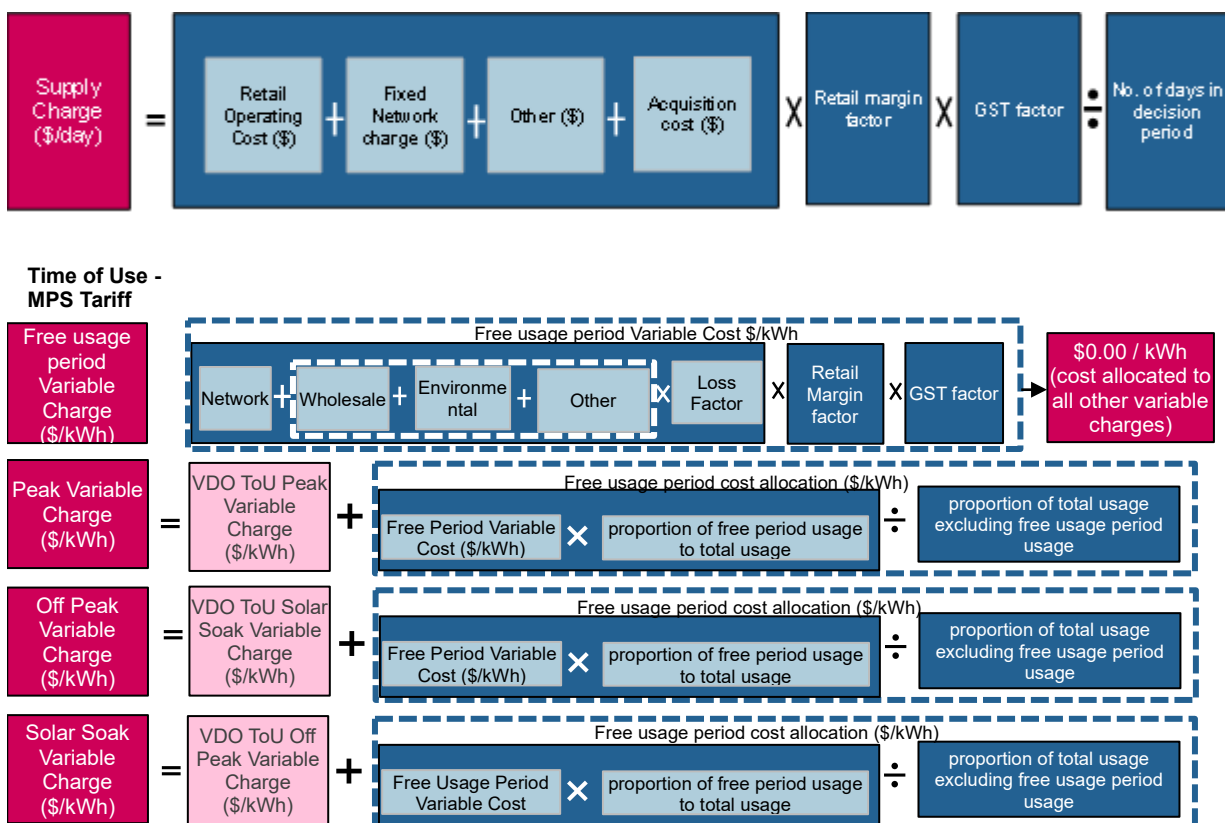
The Midday Power Saver tariff comprises a four-part tariff plus a daily supply charge, based on the three-part 2026–27 time of use Victorian Default Offer.

In developing the recommended 2026–27 Midday Power Saver tariffs, we have incorporated a cost stack methodology aligned to that used when setting tariffs for the time of use Victorian Default Offer. In other words, we have not developed a cost stack specific to the Midday Power Saver for our recommended 2026–27 tariffs and consider the cost stack used to set the Victorian Default Offer is appropriate.

This cost stack methodology is based on efficient costs of the sale of electricity by a retailer, being wholesale, network, environmental and retail operating costs including modest acquisition costs, other costs and retail operating margin. We consider using identical cost stacks for both regulated standing offers (specifically the Victorian Default Offer and the Midday Power Saver) is appropriate and reflects efficient costs faced by retailers.

Figure 3 shows the formula used to calculate the Midday Power Saver tariffs for 2026–27.

**Figure 3: Formula used to calculate the 2026-27 Midday Power Saver Tariff**



## We used a load profile based on historical behaviour

When estimating costs for the 2026–27 Midday Power Saver tariffs we have made no assumptions of uptake, customer behaviour change or responsiveness to this product. Currently, when estimating load profiles for setting wholesale electricity costs in the Victorian Default Offer, we use three years of historical load data as the best estimate to forecast a future year of load for small customers in Victoria. We have decided to use this same load profile and made no adjustments in designing the 2026–27 Midday Power Saver tariffs.

We have chosen this approach for the 2026–27 Midday Power Saver tariffs because we do not have sufficiently robust evidence to make reliable assumptions about how customers may respond to the tariff and shift their usage as a result. Assuming load shifting into the middle of the day would increase estimated costs during the free usage period, which would in turn require higher tariffs outside of the free window for retailers to recover those costs.

Absent robust evidence on customers' responsiveness to the price signals sent by the Midday Power Saver tariffs, we consider there to be an unacceptable risk of unintended harm, wherein customers who do not shift their load may pay more for their electricity usage. We heard from most interested parties on their concern for customer harm.<sup>4</sup> In making our decision we have sought to minimise unintended consequences in which customers are worse off by not shifting their load by an assumed amount.

Using historical unadjusted load for the 2026–27 Midday Power Saver tariffs is also consistent with the Australian Energy Regulator's proposed approach for the Solar Sharer Offer. This approach is also the simplest to implement in the first year of the Midday Power Saver.

We propose to observe any behaviour change as the Midday Power Saver is taken up in the market. If necessary and depending on our obligations under the Order, we could adjust load profile assumptions and associated pricing in our Midday Power Saver pricing determinations from July 2027.

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<sup>4</sup> Submissions to the Essential Services Commission: *2026–27 Victorian Default Offer: Request for Comment Paper*, November 2025: 1<sup>st</sup> Energy, p.4; AGL Energy, p. 2, 4–8; Alinta Energy, p.1–2; AusNet Services, p. 1–2; Australian Energy Council, p. 1–5; Anonymous 3, pp. 1–2; Anonymous 4, pp. 1–2; Aziz Haque, p.1; CitiPower, Powercor and United Energy, pp. 1–5; Electrify Boroondara, p. 1–3; EnergyAustralia, p. 3–4; ENGIE, P. 3–5; Etrog Consulting, p. 7–8, 26; Gordon McMenemy, p 2–3; Joint community sector and consumer advocates Victorian Council of Social Service, Brotherhood of St. Laurence, Community Information and Support Victoria, Consumer Action Law Centre, Council on the Ageing Victoria and Seniors Rights Victoria, Energy Consumers Australia, Financial Counselling Victoria, Uniting Vic Tas, and Westjustice, pp. 1–2, 4–14; Lighter Footprints, p. 2–10; M2 Energy trading as Dodo Power and Gas, p. 2; Origin, p. 2, 4–5; Pacific Blue, p. 3; Powershop, pp. 1–2. Submissions to the Essential Services Commission: *2026–27 Victorian Default Offer: Draft Decision Paper*, March 2026: AGL Energy, pp. 3–4; Electrify Boroondara part 1, pp. 1–2; Electrify Boroondara, p.1; EnergyAustralia, pp. 2–3; Joint community sector and consumer advocates Victorian Council of Social Service, Community Information and Support Victoria, Consumer Action Law Centre, Council on the Ageing Victoria and Seniors Rights Victoria, Energy Consumers Australia, Financial Counselling Victoria, Uniting Vic Tas, and Westjustice, pp. 1–5.

Table 3 presents how the reference load profile is split across the different parts of the Midday Power Saver tariff, which in turn displays our approach to estimating and recovering the costs incurred during the free usage period.

**Table 3: Midday Power Saver time of use tariff timing and reference usage split**

	Off Peak	Free Usage Period	Solar Soak	Peak
Timing	9 pm – 11 am	11 am – 2 pm	2 pm – 4 pm	4 pm – 9 pm
Usage proportion	0.53	0.11	0.07	0.29

Source: Australian Energy Market Operator domestic customer load only metering data from FY 2022-2023 to 2024-2025 read date of 31 January 2026.

### Costs incurred in free usage period will be recovered across all other tariffs

We recommend the Midday Power Saver tariffs reflect the allocation of costs incurred during the free usage period across the remaining volumetric tariff components, in other words, in the usage charges for the remaining 21 hours of the day.

To arrive at the recommended Midday Power Saver tariffs, we took the variable charge that would have applied during the free usage period, then reallocated this to the remaining time periods in reflection of the usage proportions listed in the table above (excluding the free usage period). This \$ per kWh amount was then added to the underlying variable charge for each respective time period to arrive at the Midday Power Saver tariffs. The daily supply charge is unchanged.

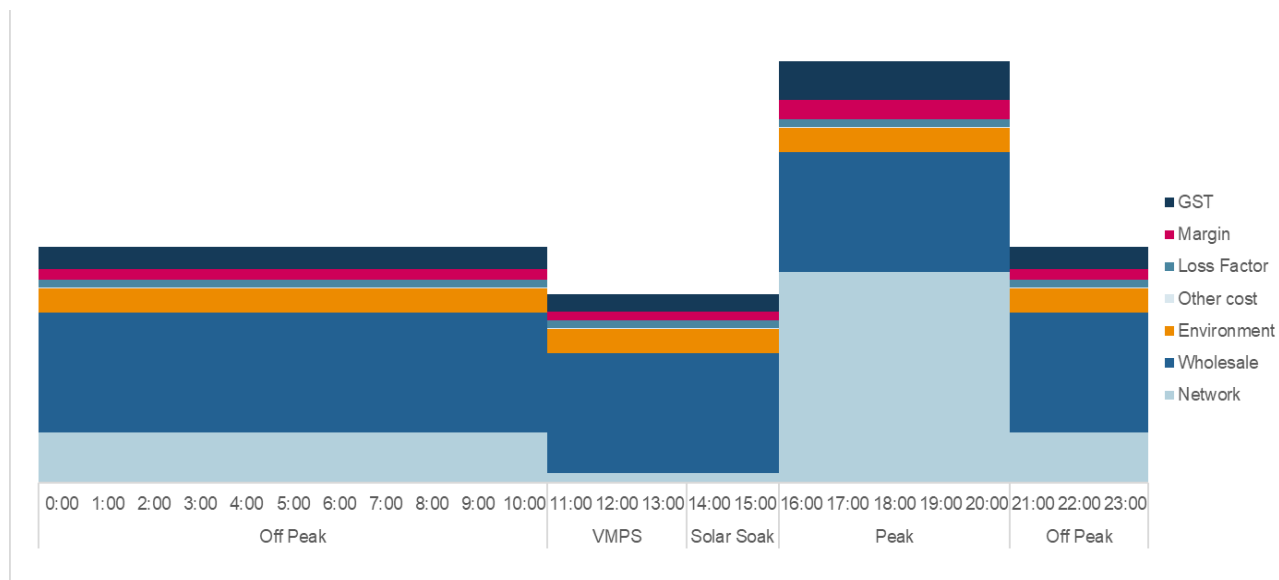
To estimate costs incurred, we have used:

- 2026–27 three period time of use network tariffs and their structure, approved by the Australian Energy Regulator in May 2026
- the cost stack methodology from the 2026–27 Victorian Default Offer Final Decision
- 3 years of historical load data, with no adjustments for expected behaviour change.<sup>5</sup>

Figure 4 displays our estimate of costs incurred across the day, disaggregated by cost type. Network costs are the only component of the cost stack that vary across the day, while all other components remain consistent.

<sup>5</sup> Australian Energy Market Operator MRIM Residential load data of 2022-23, 2023-24 and 2024-25 financial year. Data is current at read date 30 January 2026 subject to change and amendment.

**Figure 4: Estimate of costs incurred across the day, separated by cost type**



We heard concerns from retailers that they may not be able to recover their costs if we don't design the tariff to reallocate the costs incurred during the free usage period.<sup>6</sup> To address this we looked at multiple scenarios when deciding how to recover and reallocate the estimated costs incurred in the free usage period across our recommended tariffs. These scenarios looked at cost recovery from:

- peak and off-peak periods only
- peak only
- off-peak only
- all other times excluding free period
- fixed charge (daily supply charge) only.

We recommend the costs incurred during the free usage period be reallocated to all other times. This approach sends a lesser price signal to customers than having all costs recovered in the peak tariff for example, but on balance we consider this approach also achieves a smaller potential impact on customer bills through lower tariff uplift across other usage times. This approach also provides energy retailers with greater assurance of cost recovery by virtue of them being able to recover costs over a wider time window. We also consider the uplift to all other tariffs still sends a sufficient price signal to customers to shift their usage into the free period.

<sup>6</sup> Submissions to the Essential Services Commission: *2026–27 Victorian Default Offer: Request for Comment Paper*, November 2025: 1<sup>st</sup> Energy, p.4; AGL Energy, p. 2, 4–8; Alinta Energy, p.1–2; Australian Energy Council, p. 1–5; EnergyAustralia, p. 3–4; Energy Locals, pp. 1–2; EnergyOn, pp.3–5; ENGIE, P. 3–5; Flow Power, pp. 3–7; M2 Energy trading as Dodo Power and Gas, p. 2; Network Energy Service, pp. 1–2; Origin, p. 2, 4–5; Pacific Blue, p. 3; Powershop, pp. 1–2. Submissions to the Essential Services Commission: *2026–27 Victorian Default Offer: Draft Decision Paper*, March 2026: AGL Energy, pp. 3–4; Alinta Energy, p. 2; Australian Energy Council, pp. 4–5; EnergyAustralia, pp. 1–2; Origin Energy, pp. 4–6.

## Excess energy consumed during the free period would be charged the solar soak tariff

As directed by the Minister, the Midday Power Saver will include an excess use cap of 24kWh of total electricity consumption during the free period per day. Customers who exceed this cap would be subject to excess usage charge for all consumption above 24kWh.

We propose the Midday Power Saver time of use solar soak tariff applies to all electricity consumption above 24kWh during the free usage period each day as the maximum price.<sup>7</sup> We consider that this tariff best reflects the marginal cost to retailers during the time of day when the Midday Power Saver occurs, while also avoiding potential harm to high-usage households that could arise if a higher charge was used.

Retailers can charge below the tariffs we set for the Midday Power Saver as they are maximum prices. Retailers are also not required to charge any price for usage over 24kWh during the free window but if they choose to it cannot exceed the solar soak daytime tariff. This approach also aligns with the Australian Energy Regulator's proposed treatment of excess usage in the Solar Sharer Offer.

## Strong consumer protections apply to the Midday Power Saver

We expect that the Midday Power Saver will be a type of standing offer available to residential customers with a smart meter and offered by retailers with 1,000 or more customers. The protections set out in the Energy Retail Code of Practice (the code of practice) that apply to customers on standard retail contracts will also apply to the Midday Power Saver. This includes:

- the standard retail contract terms and conditions
- requirements for retailers to provide customers with clear advice and information
- the ability for customers to freely switch off the plan at any time with no exit fees.

We expect the Midday Power Saver to also require a customer's explicit informed consent, and include a cooling off period after entering the contract, aligned with protections for market retail contracts.

We also note that, as for all Victorian customers, customers on the Midday Power Saver can also access support for payment difficulty, and are protected if they rely on life support equipment or are affected by family violence.

The Midday Power Saver will not be suitable for all customers. Customers who cannot shift sufficient usage to the free usage period could end up worse off. We expect retailers to advise customers that the Midday Power Saver may not be suitable in all circumstances, and that they may be charged if they exceed the fair use cap. Given this, we are developing specific guidance on

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<sup>7</sup> Solar soak is a lower-cost daytime tariff period running from 11 am to 4 pm daily which aims to encourage electricity use during times of high solar generation. The solar soak tariff will be reflected in the Victorian Default Offer for 2026-27 residential time of use tariffs.

how we expect industry to comply with existing clear advice provisions.<sup>8</sup> In short, we would expect retailers to give customers the following information:

- That the Midday Power Saver may not be suitable in all circumstances. It is best suited to customers who can shift their electricity usage. Not shifting usage could result in higher electricity costs. Customers may be charged if they exceed the fair use cap.
- Almost all customers taking up the offer would be moving to a new tariff structure. Therefore, the retailer must provide information about the cost impact that the new tariff structure may have for the customer including, in so far as possible, an estimate of the dollar impact on the customer.
- Any other plans the retailer reasonably believes may be more suitable for the customer (based on any relevant information the retailer has regarding the customer).

We also note that customers cannot be defaulted or placed onto the Midday Power Saver under a deemed contract. In these circumstances, retailers must place the customer on the relevant Victorian Default Offer standing offer.

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<sup>8</sup> See clause 38 of the code of practice.