

Australians to get three hours of free electricity every day under solar scheme

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Solar Energy

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A new scheme will help to share the benefits of solar power in the daytime. (ABC News: John Gunn)

In short:

Energy retailers will be made to offer free power in the middle of the day, as the government seeks to spread the benefits of solar power.

Wholesale electricity prices in the daytime are often very cheap or even negative due to solar generation producing more supply than there is demand.

What's next?

The Solar Sharer scheme will begin from the middle of next year, with aims to extend it by the end of next year.

Australian households will be able to access free electricity for three hours every day, in an effort to encourage energy use when excess solar power is being fed into the grid.

The federal government scheme will require retailers to offer free electricity to households for at least three hours in the middle of the day, when there is often more electricity generated than is being used, leading to very cheap or even negative wholesale prices.

The Solar Sharer scheme will initially be introduced to consumers in default market offer regions like NSW, south-east Queensland and South Australia from July next year, with consultation to extend the scheme to other jurisdictions by 2027.

Households with smart meters will be able to run washers and dryers, air conditioning or any other appliances for free within the three-hour window.

Climate Change Minister Chris Bowen said the scheme would share around the benefits of solar panels, including to those without panels or who rented their homes.

"There is so much power in the middle of the day now that often the prices are very cheap or negative and this should be something, by our analysis, that energy companies can incorporate and offer," Mr Bowen told the ABC.

"It's not a silver bullet, and it is part of a suite of measures, but it's a good one. No one would claim that one particular policy solves all the challenges in the energy market."



Chris Bowen says the Solar Sharer scheme will benefit those without access to rooftop solar, including renters. (*ABC News: Luke Stephenson*)

Mr Bowen added that modern technology had made it easier for people to schedule appliances to start in the middle of the day, when electricity would be free.

"We want to see the benefits of renewable energy flow to all, even those without solar panels or batteries," he said.

But retailers have reacted with surprise to the announcement, saying it had not been raised in consultations on reforms to the network.

"This lack of consultation risks damaging industry confidence, as well as creating the potential for unintended consequences," the Australian Energy Council's chief executive Louisa Kinnear said in a statement.

"We have just spent the past five months engaging constructively with the government on the DMO review, with the industry broadly comfortable with the anticipated review outcomes, but the lack of consultation on today's announcement means the AEC can no longer offer its unqualified support.

"In developing energy products such as those that offer free energy for a period of time, retailers, and in particular, smaller retailers, need to carefully consider their exposure to the market, their hedging strategy, the impact of network costs, and a range of other factors."

Mr Bowen said he made "no apologies" if the Solar Sharer scheme ate into retailer margins.

"I work well with energy companies but they are not first — consumers are put first," he said.

Government claims price benefits will flow beyond free power hours

The government said the shift in demand was expected to lower costs for everyone by reducing peak demand in the evening, which would also minimise the need for "costly" network upgrades to ensure grid stability.

The federal government has been under pressure to address power price concerns, as state and federal rebates come off, and with a recent uptick in inflation as a consequence.

In May, the Australian Energy Regulator confirmed households on the Default Market Offer (DMO), the maximum price retailers can charge on standing offer contracts, would rise from 0.5 per cent to 9.7 per cent across the country, depending on location.

The Solar Sharer scheme has been announced as part of a review of [how power prices are set](#) through the DMO.

The announcement also comes amid turmoil within the Coalition, as it debates whether to keep or dump a commitment to net zero emissions over power price concerns.

Nationals senator Matt Canavan, who supports coal-fired power, said the policy came with a catch.

"We're not getting free power, we're getting more expensive power," he said.

"Because if they have to give you free power at some parts of the day, they're going to make you pay more at other parts of the day."

On Sunday, the Nationals ran ahead of the Liberals to announce that they would formally abandon the 2050 net zero target, citing power price rises of 39 per cent since net zero was committed, and arguing a "technology neutral" approach that included more coal and gas would bring down power prices.

As that announcement was being made, Mr Bowen's office noted that wholesale energy costs were negative in every state except Tasmania due to solar generation.

"Free daytime power for families across Australia is proof that what's good for the planet is good for your pocket," Mr Bowen said.