8 May 2025

Mr Andrew Lewis
Acting Chief Executive Officer
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Dear Mr Lewis,

Improving Consumer Confidence in Retail Energy Plans – Draft Rules

Origin Energy (Origin) appreciates the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) Improving consumer confidence in retail energy plans, preferred draft Rule change, draft determination.

Given ongoing consumer concerns about energy affordability, we support amendments to the consumer protection framework that aims to improve access to information on energy offers, enhance price outcomes, and strengthen protections for consumers. However, it is equally important that the benefits of any proposed changes are carefully weighed against the broader costs to the market, to ensure a clear and measurable net benefit for consumers.

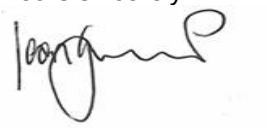
There are several aspects of the draft Rule that require further consideration to ensure the energy sector continues to function efficiently, competition is preserved, and Rule changes deliver their intended benefits. Key issues include:

- Annual price changes: While we support limiting the number of price changes within a 12-month period, there should be an exception for where there is a benefit change.
- Notice period for price changes: We do not support the proposed 20 business day notice period. This timeframe imposes significant operational and cost burdens on retailers, especially given DMO prices are not confirmed until 26 May with network tariffs taking effect from 1 July. A 10-business day notice period is more practical and reasonable.
- Written notices of price changes: We recommend that written notification requirements apply only to price increases, not decreases. This will support timely pass-through of price reductions, particularly benefiting hardship customers.
- Fees and charges: While we support prohibiting fees and charges for vulnerable customers, the scope of the definition must be clearer in the Rules. Customers on payment plans or receiving concessions may not necessarily be in financial hardship. We support narrowing the definition of "vulnerable customers" to those enrolled in retailer hardship programs and those affected by domestic and family violence to ensure protections are targeted and effective.

Origin's views on each of the issues raised in the draft determination are set in Attachment A.

If you have any questions regarding this submission, please contact Caroline Brumby in the first instance on (07) 3867 0863 or caroline.brumby@originenergy.com.au.

Yours sincerely



Sean Greenup
Group Manager Regulatory Policy

Preventing price increases for a fixed period under market retail contracts

The draft determination proposes that retailers will only be permitted to increase prices once every 12 months for all existing and new retail contracts. This means prices may increase either:

- once within the month of July each year; or
- for contracts with a fixed price period, at least 12 months after a customer enters the contract and then no sooner than 12 months from the previous price increase.

1. Notice requirement for price change

Rule 46 of the NERR requires that retailers provide 5 business days' notice of a price change. The draft Rule proposes that this timeframe be extended to 20 business days for both price increases and decreases.

The primary purpose of a price change notice should be to inform customers that their underlying prices will change from a specified date. The notice is given in 'advance' to provide the customer the opportunity to review and compare their prices before they take effect.

Origin believes advance notice will have the greatest impact if the notice is received closer to the price change date. If a customer receives a price change notice 20 business days out from the price change and begins to search for a better offer, the customer will not be comparing offers on a like for like basis. This is because the prices that are included on the price change letter will take effect at a future date and retailers will generally not amend offers on their websites or Energy Made Easy until this price change date. Origin argues that there is likely to be greater engagement with the comparison of offers closer to the effective date of change.

Further, retailers operate within highly compressed timeframes when enacting price changes. Default Market Offer (DMO) prices are generally not confirmed until 26 May each year, while the new network prices take effect from 1 July. In this short window, retailers must determine new retail offers, prepare and issue customer communications, brief call centre teams, and implement necessary system and process changes. The current 5 business days requirement already posed challenges to retailers to meet the obligations.

Requiring retailers to delay price increases by 20 business days after customer notification while network costs take effect from 1 July effectively imposes a financial burden on retailers to absorb these cost increases. Origin maintains that this is unreasonable and supports a shorter notice period to ensure operational feasibility and cost-reflectivity.

Origin contends that a notice period of 10 business days strikes a more appropriate balance providing sufficient time for customers to review their options, while ensuring that the prices they see reflect the market more accurately. This timing is likely to result in more informed comparisons and minimise financial impacts of a price change event.

Finally, the written notice period notification of a price change under Rule 46, which has been extended from 5 business days to 20 business days applies to both price increases and decreases. This extension of the written notice period may not be in customers' best interests, as it could delay the implementation of price reductions. The AEMC should review the application of Rule 46 and limit the requirements to price increases.

2. Timing of price changes

New Rule 46AA(1) states that a retailer may only increase tariffs, charges, or fees under a market retail contract if the increase takes effect on a single date within the month of July, unless an exception applies. Origin supports this approach to the extent that it allows retailers to stagger price changes across NECF states if required. States like the Australian Capital Territory (ACT) prices are set through a separate process and there can be a delay in obtaining finalised prices.

3. Exception to price change limitations

New Rule 46AA(3) NERR sets out exceptions to the price change limitations of once per year price changes. We suggest the following amendments:

- End of benefit period: We believe that benefit changes should be excluded from the price change timing restrictions under new Rule 46AA of the NERR. Specifically, if a benefit period ends and this results in a change to the underlying price, it should not be considered a price change for the purposes of the "once per year" price change limitation.

  This interpretation appears to align with the existing intent of the Rules. Under Rule 46(4B)(b) of the NERR, a retailer is not required to issue a separate price change notice where the change is a direct result of a benefit change, provided a benefit change notice has already been sent. Additionally, the new Rule 48A(3)(f) requires that a benefit change notice include the tariffs and charges that will apply after the benefit ends, further indicating that such changes are treated distinctly from general price changes.

- Network tariff re-assignment: New Rule 46AA 3(a) sets out an exception to the limitation of price changes for network tariff reassignments.

  The draft determination states "*that restrictions on price increases relating to network tariff reassignment due to a change in metering introduced for a period of time under the AEMC's Accelerating smart meter deployment rule 2024 transitional protections will not be affected by our draft rule*"[1]. This does not align to the drafting of the proposed rule.

  However, the drafting of Rule 46AA 3(a) and reference to "*pursuant to clause 6B.A3.2 of the NER*" only captures tariff reassignments where the retailer has requested the network tariff change. It does not capture the intended scenario where the distributor reassigns tariffs without the retailer or customer request. The drafting of clause 6B.A3.2 of the NER is a known error in the drafting of the Rules.

A distributor-initiated network tariff changes should be an exception to the price change timing limitations in new Rule 46AA. We also suggest that the wording of Rule 46AA 3(a) should be amended to include the word "or" as follows:

> "(*a) in respect of an increase to a tariff or charge that is a direct result of a tariff reassignment by the distributor* ***or*** *pursuant to clause 6B.A3.2 of the NER"*

End of benefit period price

The draft determination requires a retailer to ensure that prices do not exceed the standing offer price when a benefit period ends. This provides certainty that the customer will not be penalised through pricing higher than the standing rate if they choose not to re-engage at the end of the benefit period.

In addition to requiring customers are charged no more than a standing offer at the end of a benefit period, the AEMC proposes to prohibit retailers from disconnecting deemed customer arrangements if the deemed customer is paying their bill. The draft determination discusses this in the context of "carry over" customers – these are customers who have defaulted onto a deemed arrangement when a benefit period expires.

The AEMC has proposed to implement this policy by deleting Rule 115 of the NERR in its entirety. However, Rule 115 currently applies to both: (1) move-in customers; and (2) carry-over customers, and enables a retailer to de-energise these customers if they fail or refuse to comply with the notification requirements under section 54(6) of the Law.

Removing Rule 115 of the NERR entirely would eliminate the ability for retailers to disconnect move in customers – being customers who move into a property and start consuming without providing a

[1] AEMC, National Energy Retail Amendment (Assisting hardship customers) Rule 2025 – Draft Determination, p39.

retailer with any details or setting up an account. This does not appear to be consistent with the policy intent of the change which is to protect carry over customers. This could potentially force retailers to bill unknown individuals on an ongoing basis and then to follow the disconnection for non-payment rules in order to disconnect these sites. This presents significant challenges in meeting 'best endeavours' obligations—particularly when no contact information is available. Without access to basic details such as a phone number or email address and being restricted to sending communications only to the supply address, it becomes increasingly difficult for retailers to meet a range of regulatory requirements.

Origin recommends that Rule 115 of the NERR be retained but amended to remove references to "carry-over customers".

Removing fees and charges

The draft determination proposes to prohibit retailers from charging fees to "*consumers experiencing vulnerability"*[2]. Additionally, it prohibits account establishment and special meter read fees for move-in/move-out customers and mandates that retailers offer at least one commonly used and easily accessible free payment method. All other retail fees are to reflect only reasonable costs.

1. Vulnerable customers

A key challenge for both the AEMC and the industry is defining "*vulnerable customers".* In the energy sector, vulnerable customers are typically those facing difficulties in paying their energy bills, often due to low income, financial stress, or other personal circumstances. The AEMC's proposed categories of vulnerable customers include hardship customers, customers on payment plans, customers affected by family violence, and customers receiving concessions.

Origin has concerns about the broad nature of these categories and the lack of clear definitions within the NERR. In particular, the reference to "*payment plan customers*" is considerably broad. While we support the inclusion of customers on hardship-related payment plans, retailers also offer convenience-based plans such as bill smoothing arrangements which are not related to a customer's ability to pay. Such products are offered for convenience and should not be captured by regulatory protections designed for vulnerable customers.

Similarly, the broad inclusion of concession customers warrants reconsideration. Concession recipients, such as seniors, pensioners, or veterans, are not necessarily experiencing financial hardship; they qualify for concessions based on holding an eligible card, often unrelated to their ability to pay. For example, Queensland's Seniors Rebate is available to all residents over 65 years of age, irrespective of income.

New Rule 52A(2)(e) of the NERR proposes to extend the concession customer category to include "*relief under any government funded energy charge rebate, concession or relief scheme"*. Origin has concerns that this could extend to: 1) any financial assistance provided to customers from Governments such as the Energy Bill Relief Payments; and 2) Government relief schemes where Government Departments directly provide rebates to consumers.

We believe a more precise and targeted definition of vulnerable customers is needed to ensure that regulatory protections are directed toward those genuinely experiencing financial hardship. Clearer boundaries will also help define the specific customer groups to whom the prohibitions apply. We suggest that the scope of new Rule 52A of the NERR be limited to customers enrolled in energy retailers' hardship programs and those affected by domestic and family violence.

2. Meter Reads

The draft Rule states that retailers must not charge a fee for a meter read where the read is conducted for the purpose of commencing or terminating a customer retail contract or a deemed customer retail

[2] AEMC, National Energy Retail Amendment (Assisting hardship customers) Rule 2025 – Draft Determination, p41.

arrangement. This provision would apply to move-in and move-out customers, as well as in-situ transfers with the same retailer.

The AEMC should consider that meter read fees form part of the AER approved network pricing determination and are regulated charges imposed by distributors. The AEMC has not made it clear why a regulated fee approved by the AER should be restricted from being passed on to customers.

Preventing retailers from recovering these incurred costs will result in the costs being absorbed into their overall cost to serve (as proposed by the AEMC), effectively spreads the burden across the entire customer base. Origin considers that this approach creates cross-subsidies, which is inconsistent with the National Energy Retail Objective of promoting efficient investment in, and operation and use of, energy services.

As an alternative to limiting this fee, Origin recommends that the AEMC review the approach taken in Queensland. The Queensland Energy Minister has gazetted the fees and charges for certain services, including special meter reads. These gazetted prices apply to both networks and retailers, effectively capping the amount that can be passed on to consumers. Where the gazetted fee does not fully cover a distributor's costs, the shortfall is recovered through general network charges. Origin considers this a more equitable and balanced approach to managing such fees.

Regardless, if Rule 52A(3) remains in the draft, we request the inclusion of the word 'special' so that the Rule reads: "*A retailer must not charge a fee for a special meter read…"* This clarification ensures it is clear that the restriction applies specifically to the proposed charging for special meter reads and no other network service.

Removing unreasonable conditional discounts

We support the extension of the AEMC's 2020 Rule change to contracts entered prior to 1 July 2020. We consider this will address instances where customers who are not meeting the discount condition and end up paying a price at the DMO or worse above the DMO. Furthermore, it would ensure the consistent regulatory treatment of conditional contracts before and after the 1 July 2020 Rule change date.