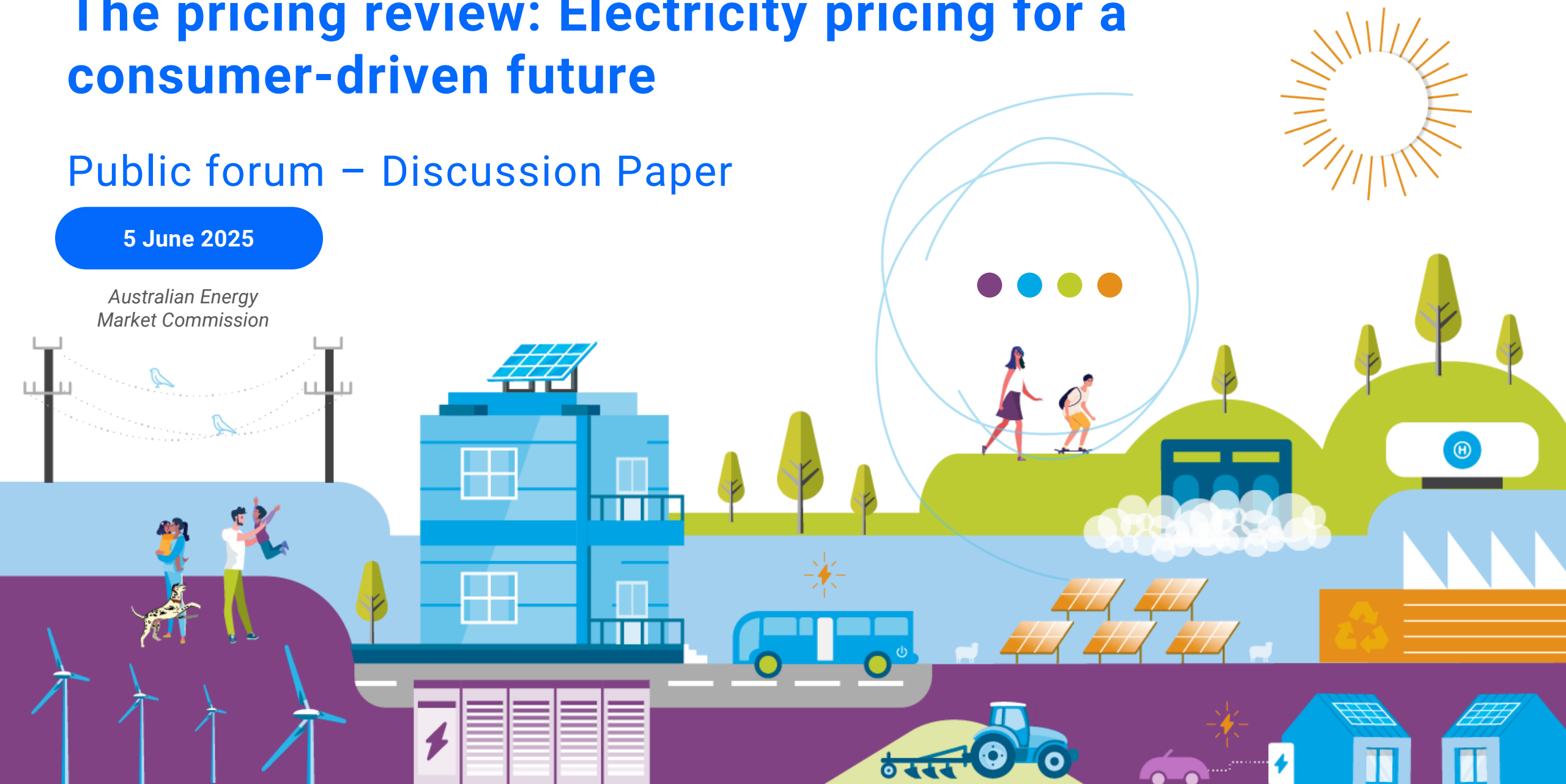


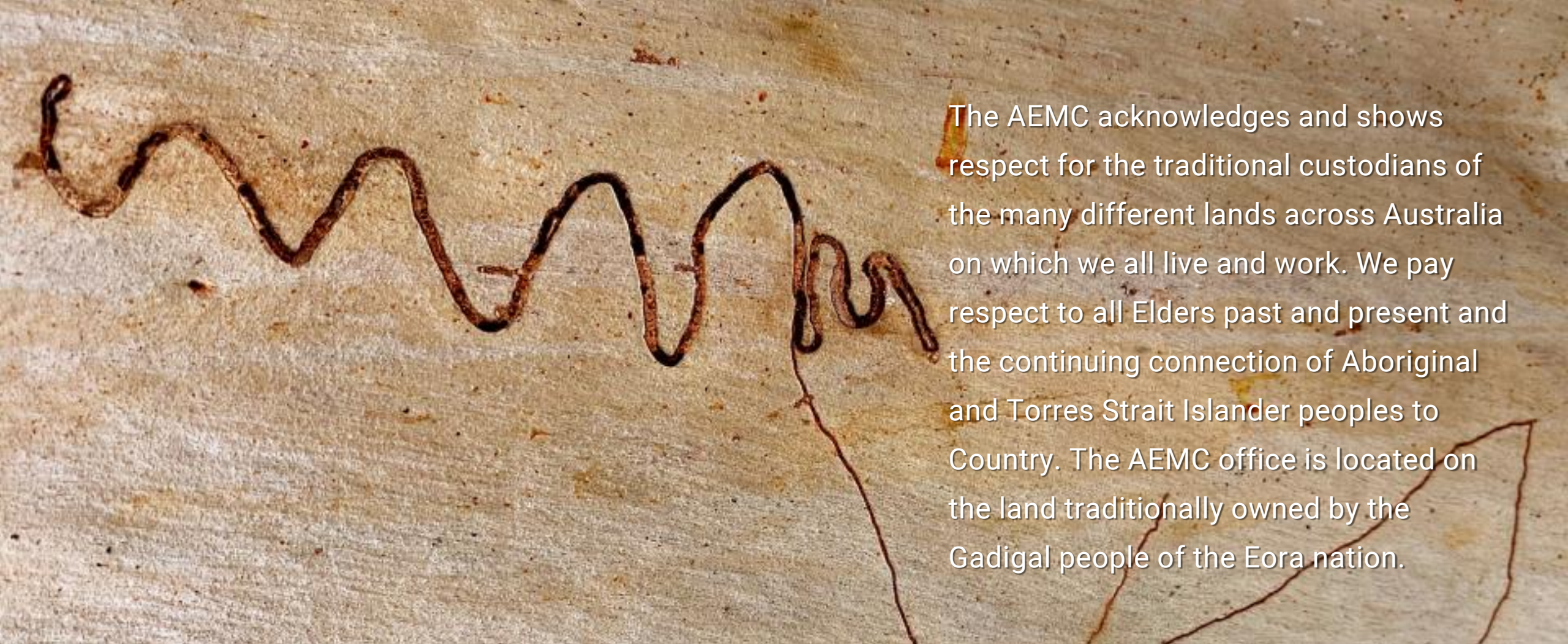
The pricing review: Electricity pricing for a consumer-driven future

Public forum – Discussion Paper

5 June 2025

Australian Energy
Market Commission

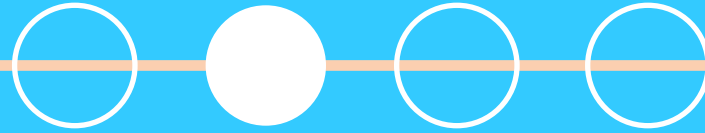




The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

AEMC

ACKNOWLEDGEMENT OF COUNTRY



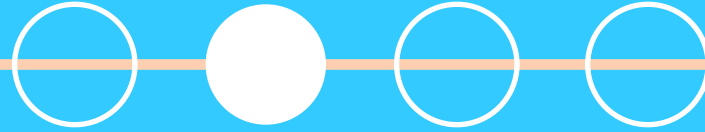
Welcome

Purpose of today's forum

- Recap on the journey so far
- Provide an overview of our discussion paper, including areas we are seeking stakeholder input
- Facilitated discussion on the key findings from the Discussion paper
- Discuss next steps

Forum agenda

	Item	Time	Presenter
1	Welcome	2:00 – 2:05	Sally McMahon – Commissioner AEMC
2	Housekeeping	2:05 – 2:10	Victoria Mollard – Executive General Manager AEMC
3	Recap on the journey so far	2:10 – 2:15	Drew Butterworth – Project sponsor
4	Our discussion paper	2:15 – 2:30	Rachel Thomas – Project lead Project team: Rudy Zverina, Justin Robinson, Zak Rich
5	Next steps	2:30 – 2:32	Rachel Thomas – Project lead
6	Q & A	2:32 – 2:58	All Facilitator – Victoria Mollard – Executive General Manager AEMC
7	Close out	2:58 – 3:00	Victoria Mollard – Executive General Manager AEMC



Housekeeping

CONSENT TO USE OF PERSONAL INFORMATION

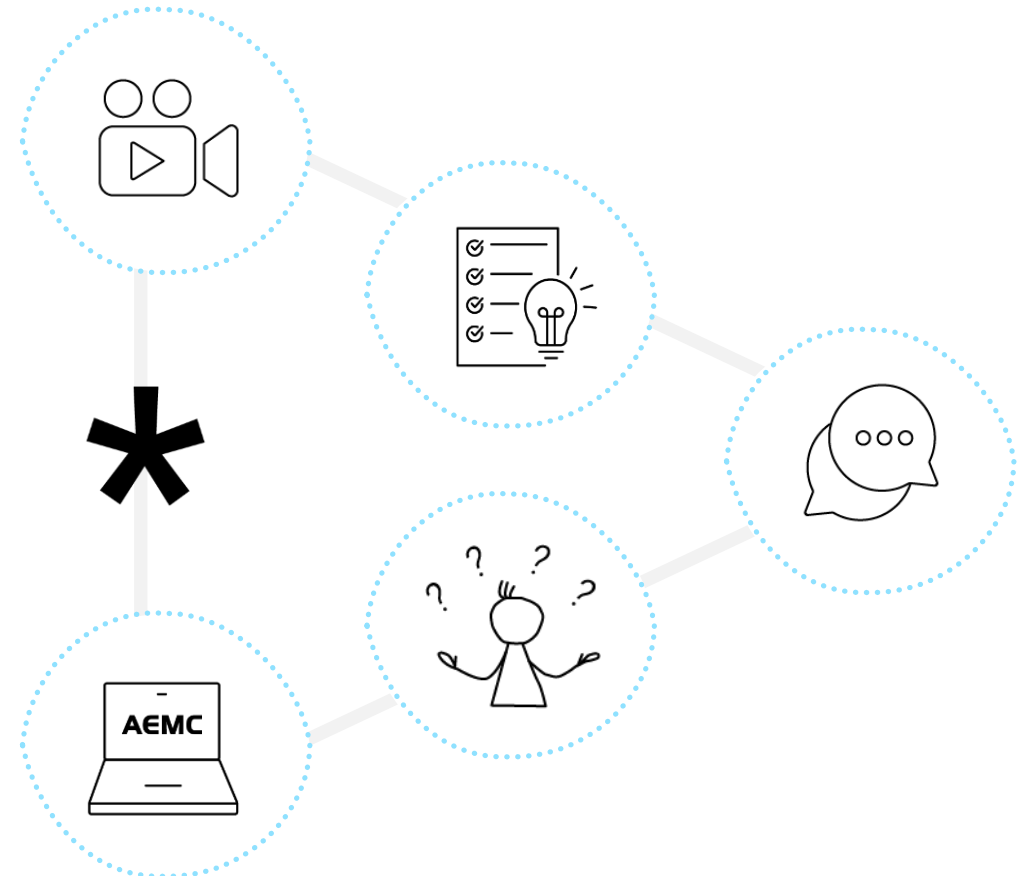


By participating in this workshop, **you give your consent** to our collection, use and disclosure of the personal information you provide to us during this workshop (like your name) for the purpose of completing our consultation and publishing our draft and final determinations and reports on this rule change or review.

This may include **publishing a recording or transcript of the workshop, including your questions or comments.** We will not publish any participant questions or comments that we consider inappropriate, including offensive or defamatory language.

Please read our [privacy policy](#) for more information.

We may publish a transcript or recording of this public forum, which may include your questions or comments



COMPETITION PROTOCOL

KEY PRINCIPLES



The AEMC is committed to complying with all applicable laws, including the ***Competition and Consumer Act 2010*** (CCA), during this forum. Breaching the CCA can lead to serious penalties for individuals involved in any breach (including large financial penalties and imprisonment for key individuals involved). This protocol governs the way in which discussions will proceed at this forum, and each attendee agrees to adhere to this protocol in order to comply with the CCA.

Each attendee must make an independent and unilateral decision about their commercial positions and approach in relation to the matters under discussion in this forum.

Attendees must not discuss, or reach or give effect to any agreement or understanding which relates to:

- **pricing** for the products and/or services that any attendee supplies or will supply, or the terms on which those products and/or services will be supplied (including discounts, rebates, price methodologies etc)
- **targeting (or not targeting) customers** of a particular kind, or in particular areas
- **tender processes** and whether (or how) they will participate
- any decision by attendees:
 - about the purchase or supply of any products or services that other attendees also buy or sell
 - to not engage with persons or the terms upon which they will engage with such persons (i.e. boycotting); or
 - to deny any person's access to any products, services or inputs they require
- **sharing competitively sensitive information** such as non-publicly available pricing or strategic information including details of customers, suppliers (or the terms on which they do business), volumes, future capacity etc
- **breaching confidentiality obligations** that each attendee owes to third parties.

COMPETITION PROTOCOL

COMMUNICATION AND MEETING GUIDELINES



Attendees must ensure that all communications (including emails and verbal discussions) adhere to the ***Key Principles***.

This forum will be conducted in accordance with the following rules:

- The agenda for this forum does not include anything that could contravene the Key Principles set out in this protocol.
- We will read and minute the below *competition health warning*:
 - Attendees at this forum must not enter into any discussion, activity or conduct that may infringe, on their part or on the part of other attendees, any applicable competition laws. For example, attendees must not discuss, communicate or exchange any commercially sensitive information, including information relating to prices, marketing and advertising strategy, costs and revenues, terms and conditions with third parties, terms of supply or access.
 - Participating in this forum is subject to you having read and understood the protocol including the Key Principles.
- We will keep accurate minutes of the forum, including details of attendees.
- If something comes up during the forum that could risk contravening any competition laws, attendees should:
 - Object immediately and ask for the discussion to be stopped.
 - Ensure the minutes record that the discussion was objected to and stopped.
 - Raise concerns about anything that occurred in the forum with their respective legal counsel immediately afterwards.
- All attendees understand that any competitively sensitive matters must be subject to legal review before any commitment/agreement can be given.
- Any decision about whether, and on what terms, to engage with customers and suppliers is an independent and unilateral decision of each attendee.

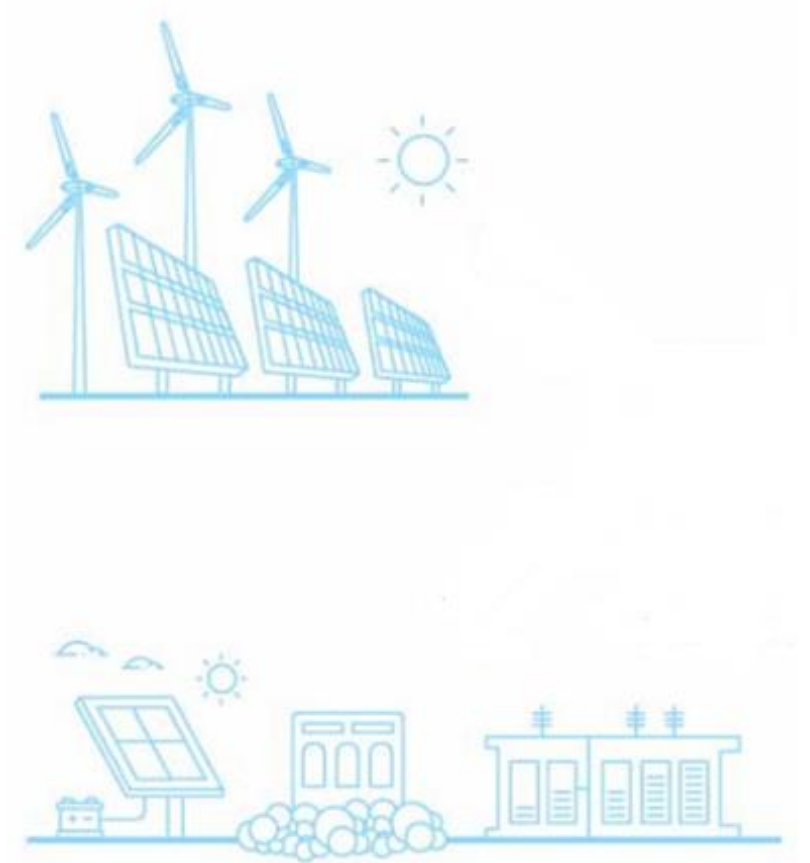
Housekeeping

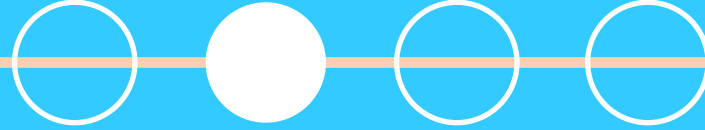
This forum is being recorded for note-taking purposes. Please note the privacy and recording statements in the invitation

All participants are currently in 'listen-only' mode

Use the Q&A button at the bottom of the screen to ask questions

- We will address your questions in our Q&A session.
- We will prioritise questions with the most 'upvotes' first
- You may be asked to speak to the question you have submitted via the Q&A button





Recap on the journey so far

Background and context

We initiated a review to look at electricity pricing

In the context of this review, electricity pricing refers to network and retail tariffs, how these interact, and how they can operate together to facilitate the design and offering of electricity products and services for consumers.

- **November 2024** – we published a final ToR and consultation paper
- **June 2025** – *Published discussion paper*

The Review is a key part of the AEMC CER work program and broader CER roadmap

The Review has three key focus areas

1. **Market arrangements** that provide for consumer choice between a range of appropriate products, services, and associated pricing structures that suit their preferences
2. **The role of distribution networks** in enabling the right products, services, and incentives for consumers, and the efficient cost and pricing outcomes that result
3. **The role of retailers and energy service providers** in effectively packaging and pricing electricity products and services to match consumer preferences

The Review will not make recommendations on the wholesale energy market or transmission pricing – although we may consider linkages where appropriate

We are taking a future-focused approach for this review

○ Our energy system is rapidly changing

- millions of households are taking up CER
- technology is opening up new opportunities
- governments have committed to net zero.

The frameworks we have in place were built largely for the legacy system, where energy flowed in one direction.

○ To deliver good outcomes, we need to look to the future

- If we only contemplate issues with existing arrangements, we risk missing the big opportunities the future presents
- We must take a future-focused approach to meet the wants and needs of future consumers

The review seeks to address two fundamental objectives

The review seeks to address two fundamental objectives:

1. ensuring that the pricing framework supports the availability of the products and services that consumers want in the future, while also
2. delivering a lower-cost system for all consumers.

Stakeholder feedback to date suggests that the current pricing framework may not sufficiently achieve either of these objectives in a CER-dominated future.

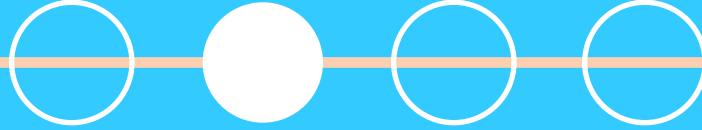
A key priority of this review is therefore to improve consumer outcomes in relation to *both* objectives.

The review also presents the opportunity to:

- comprehensively consider the interaction between retail and network pricing to better recognise consumers' preferences
- ensure the arrangements support the integration of CER into the system in an equitable way that benefits both owners of CER, as well as consumers more broadly who may not own CER.

Our approach for the review

Consultation Paper – Nov 2024	1	Consider the preferences of a diverse range of consumers	<ul style="list-style-type: none">• Develop Consumer Preference Principles (CPPs) which capture customer wants and needs• Develop Consumer Archetypes which capture the diversity of customers
	2	Invite input on potential future offerings and pricing structures	<ul style="list-style-type: none">• Invite input on what potential future products, services, and pricing structures may look like in the future
Discussion Paper - May 2025	3	Validating what we heard from stakeholders	<ul style="list-style-type: none">• Incorporate feedback on our proposed CPPs and Consumer Archetypes• Outline future vision on how the future energy market can meet the needs of all consumers
	4	Identify where good consumer outcomes are not being met	<ul style="list-style-type: none">• Identify what we heard from stakeholders on the areas where good customer outcomes, as defined by the CPPs, are not being met• Explore what we heard on where the barriers to good customer outcomes lie across each area of the supply chain and the potential causes of these issues
TBC	5	Next paper	<ul style="list-style-type: none">• Stakeholder responses to this paper will feed into the next stages for this project, where we will move to focus on solutions to problems found. We will consider the best next step following receipt of submissions



Overview of our discussion paper

Purpose of the discussion paper

- This discussion paper is the next step in our review process.
- The purpose of the discussion paper is to test and validate with stakeholders what we have heard on the problems identified, why they are occurring, and whether they will persist in the future in the absence of reform.

The paper does not offer recommendations, direction or solutions; these will instead form part of our next steps.
- We have posed a range of questions for stakeholders to respond to. We welcome stakeholder feedback on these questions. We are seeking submissions by 10 July 2025.

We have refined our understanding of how a spectrum of potential future offerings could meet the needs of future consumers

Spectrum of potential future offering types

	'Basic'	'Everything in between'	'Sophisticated'
Customer value proposition	Simple, predictable, low engagement, low risk	Some predictability, some flexibility, depending on customer preferences	Cost savings, opportunity to better leverage CER investments and/or customer flexibility
Examples	<ul style="list-style-type: none">• Flat rate offers• Subscription price• Prepaid	<ul style="list-style-type: none">• EV charging windows• Controlled load (hot water)• Time-varying rates, such as time-of-use and solar soaker• VPP (participation-based)	<ul style="list-style-type: none">• Full cost pass-through• VPP (performance-based)

If we focus on enabling bookend products (from basic to sophisticated), is this sufficient to enable the range of products and services that will meet consumer preferences and lower system costs?



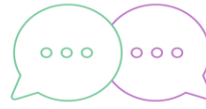
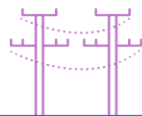

How will this review result in reforms that will better deliver the spectrum of future product offerings?

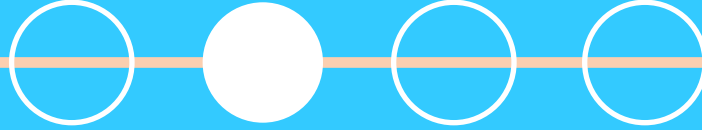
While issues can be easily observed, it is difficult to identify and address these problems.

The scope of this review covers both retail arrangements and those governing distribution networks.

To tease out the source of problems contributing to adverse consumer outcomes, we have broken the discussion paper into three areas:

1. Retail market
2. Retailer and network interface
3. Networks

 Customers	 Retailers	 Retail-network interface	 Distribution networks
For customers, electricity is essential to their daily lives.	Retailers are commercial organisations that sell electricity to customers in bundled plans.	Network tariffs are often the largest input cost to retailers' plans for customers.	Networks are regulated entities that construct and operate poles and wires to bring electricity to customers.
Customers electricity use is changing as CER adoption proceeds. This creates opportunities for better consumer offerings and cheaper electricity for all.	Retailers can innovate new electricity services to better meet customer needs.	Networks and retailers can collaborate and innovate and lower customer costs.	Network tariff design can support retailers to innovate and ensure that existing network capacity is well utilised.
There are a range of areas where customers' preferences are not being met. This review provides the opportunity to address these issues.	Retail market outcomes for consumers are uneven.	Network tariffs are not designed for retailers and may limit retail offers.	Network tariffs do not share the costs of paying for distribution infrastructure fairly among electricity consumers, and may not be suitable for future consumers.
	Retail regulations may be limiting innovation and adding costs.	The number of different and changing network tariffs presents costs and risks to retailers.	Network tariffs sometimes send price signals to consumers that unnecessarily work against wholesale market signals.
 Questions for stakeholders to consider	Can we rely on competition in the retail market to deliver the mix of products and services that consumers value?	How can better outcomes for consumers be enabled through network tariff-setting processes?	What role can network tariffs play in meeting customer preferences while also contributing to lower overall costs?



What we have heard

We want to hear from stakeholders on how this review should address issues to ensure the products and services needed will be available

*Retail market
outcomes for
consumers are uneven*

1. Competition currently relies on either customers switching plans, or retailers keeping downward pressure on prices for those who don't switch.

2. Many customers find the retail market complex and confusing and have difficulty comparing alternative offers and / or retailers. Consequently, many consumers do not switch and may be paying more than necessary.

We want to hear from stakeholders on how this review should address issues to ensure the products and services needed will be available

Retail regulations may be limiting innovation and adding costs

3. Aspects of retail market regulation – in particular, consumer protections - do not deal adequately with newer energy services.

4. Retail market regulation differs across states, leading to a high compliance burden for retailers which flows through to increased costs for consumers.

We want to hear from stakeholders on how this review should address issues to ensure the products and services needed will be available

Work is underway to address concerns with current consumer protections

This includes workstreams from the AEMC, DCCEEW, and the AER:

- Through its Better Energy Customer Experiences workstream, the Commonwealth Department of Climate Change, Energy and the Environment and Water (DCCEEW) is seeking to ensure that the frameworks that support customers to engage with the energy market are suitable and effective, both now and into the future.
- The AEMC is progressing a package of consumer protection rule changes to increase the certainty and transparency of the prices they will pay and improve confidence in the retail energy market.
- The Australian Energy Regulator (AER) is reviewing the payment difficulty framework and a number of guidelines (including the better bills guideline), and is seeking to strengthen protections and improve outcomes for consumers experiencing payment difficulty

We want to hear from stakeholders on how this review should address issues to ensure the products and services needed will be available

Can we rely on competition in the retail market to deliver the mix of products and services that customers value?

- How should this review address these issues in the retail market to ensure the products and services needed will be available, recognising work already underway?

We want to hear from stakeholders on how better outcomes for consumers can be enabled through network tariff-setting processes

Network tariffs are not designed for retailers and may limit retail offers

1. Network tariffs may discourage retailers from offering subscription-style products and other product types that are popular in markets outside energy

Different and changing network tariffs present a cost risk to retailers

2. Retailers must manage a number of network tariffs for each distribution region of the NEM they operate in and for each type of customer they serve. This is further complicated by regular changes to these tariffs.

- Managing this complexity imposes costs and risks on retailers that are passed through to customers in the form of higher costs, or complex tariffs that transfer risks to the customer.*

We want to hear from stakeholders on how better outcomes for consumers can be enabled through network tariff-setting processes

How can better outcomes for consumers be enabled through network tariff-setting processes?

- What can be improved at the retail and network interface that would contribute to better outcomes for consumers?
- How can arrangements governing retailers and networks be improved to support better product and service offerings?
- Who should receive the network price signal to make it more effective?
- Should network tariffs be designed for retailers or consumers? If retailers, how much weight should networks put on the recommendations and views of retailers?
- Should any or all of the following be key design features of network tariffs: support competition in the retail market, avoid imposing unnecessary additional costs, and deliver lower overall costs over time?

How can network tariffs meet customer preferences while also contributing to lower overall costs?

Network tariffs do not share the costs of paying for distribution infrastructure fairly among electricity consumers, and may not be suitable for future consumers

1. Under some network tariffs

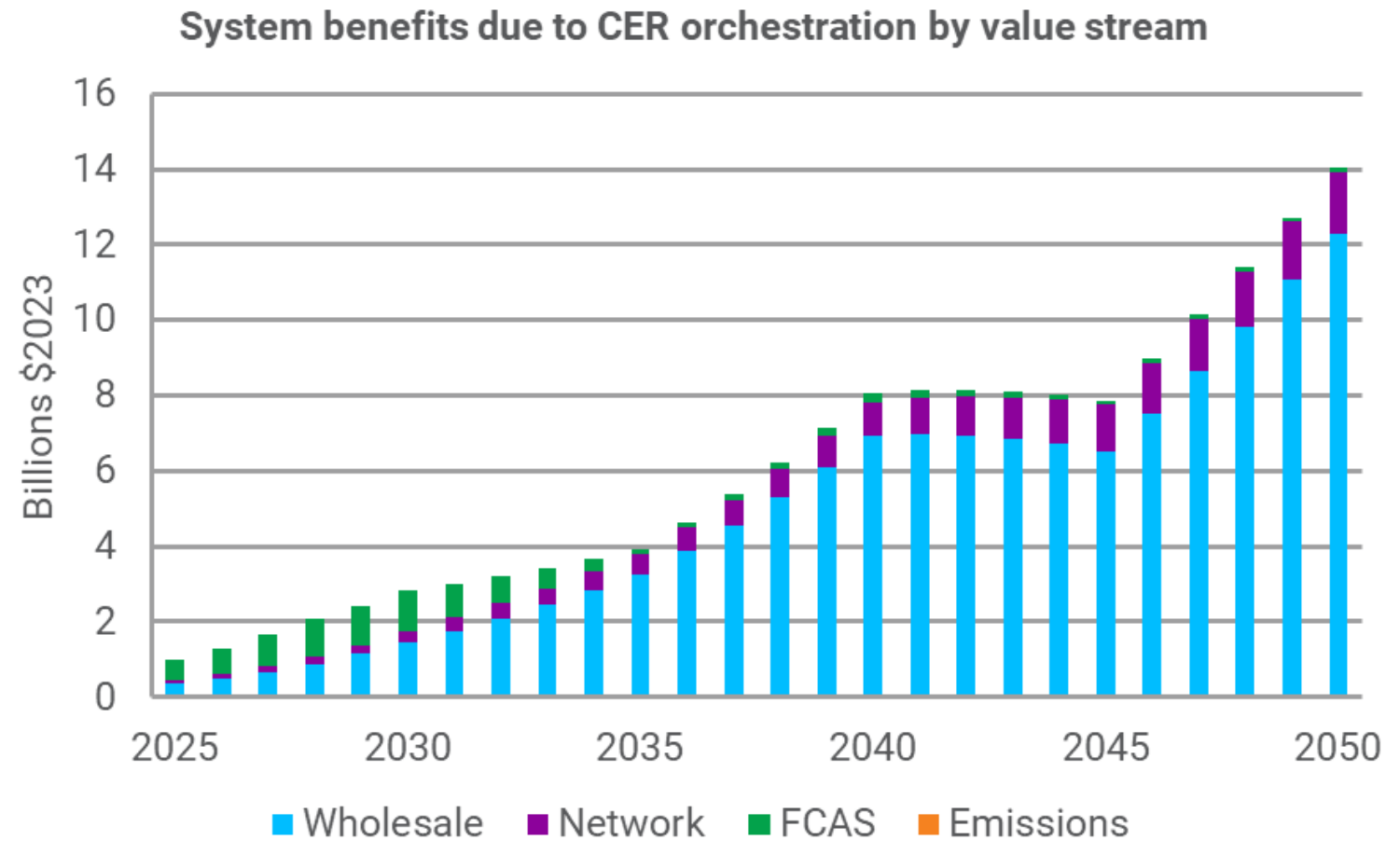
- consumers with CER can more easily shift their consumption to avoid network costs, while consumers without CER cannot and so end up paying a greater share of network costs.*
- some consumers may be foregoing valuable uses of energy even when doing so is unlikely to impact network costs*

2. These actions may be unlikely to impact network costs because:

- the current approach to network pricing delivers tariff structures rarely reflect network cost drivers.*

How can network tariffs meet customer preferences while also contributing to lower overall costs

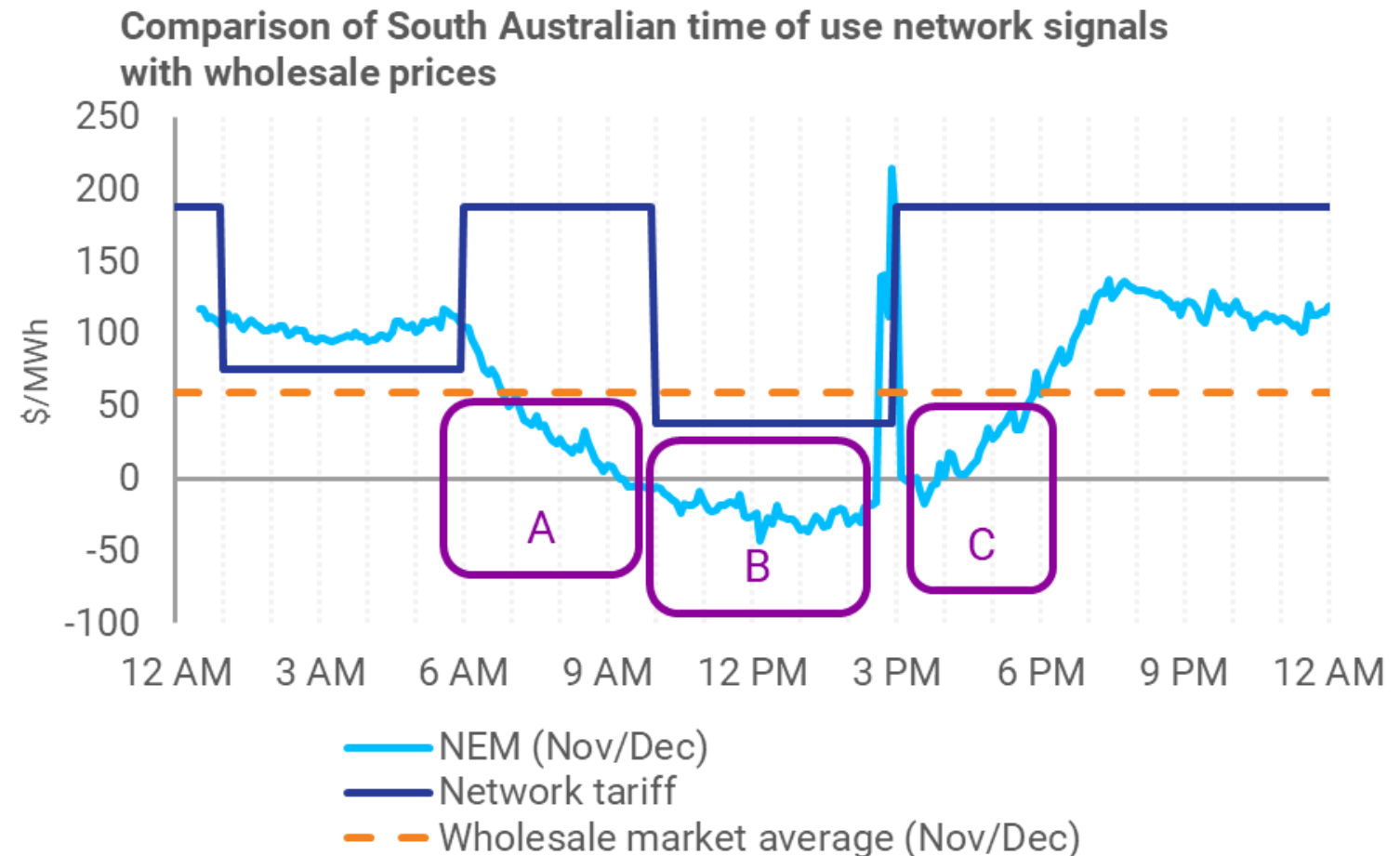
Network tariffs sometimes send price signals to consumers that unnecessarily work against wholesale market signals



How can network tariffs meet customer preferences while also contributing to lower overall costs

Network tariffs sometimes send price signals to consumers that unnecessarily work against wholesale market signals

3. The interaction of network tariffs and wholesale price signals can lead to consumption patterns that do not lead to lower network or wholesale costs

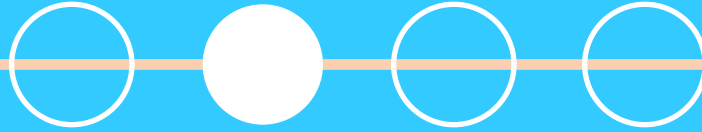


How can network tariffs meet customer preferences while also contributing to lower overall costs

What role can network tariffs play in meeting customer preferences while also efficiently and effectively contributing to lower overall costs?

Next steps

- *Discussion paper submissions* close 10 July 2025
- *Continue stakeholder engagement* with Advisory and Stakeholder Reference groups.
- *Next steps – TBC post submissions to this paper*

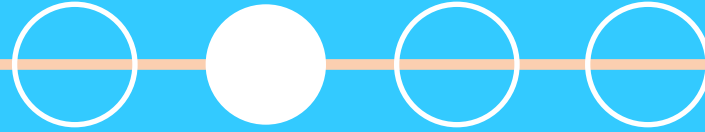


Q&A

Facilitator

Victoria Mollard, EGM, Economics & System Security

Please submit your questions using the Q&A button



Thank you



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