

Pricing Public forum 5/6/2025- Q&A

This document provides responses to questions received at the Pricing review discussion paper virtual public forum, held on 5 June 2025. We received a number of similar questions from stakeholders and we have therefore grouped these by theme. Our responses are offered below by theme to avoid repetition. These responses should be read alongside the [discussion paper](#) and the [slides](#) for the public forum.

Question area	Answer
<p>How is the Commission considering equity and consumers who are unable / unwilling to change behaviour or purchase CER?</p>	<p>This review seeks to address two fundamental objectives:</p> <ul style="list-style-type: none">• ensuring that the pricing framework supports the availability of the products and services that consumers want in the future, while also• delivering a lower-cost system for all consumers. <p>To assess and understand consumer outcomes, we have taken a customer-centric perspective for this review, looking at future offers from a customer perspective primarily and then working back through the value chain to enable them. We have developed a principles-based approach to evaluate what types of product attributes would better meet consumer preferences, rather than trying to design for a specific vision.</p> <p>We have tested these potential products across a diverse range of consumers using our consumer archetypes. These archetypes capture the concept that all consumers are different, and importantly, consumers experiencing vulnerability may face barriers that other consumers do not.</p> <p>Both the consumer preference preferences and consumer archetypes were put forth in our consultation paper for feedback, which we have incorporated into our discussion paper.</p> <p>This approach is consistent with the AEMC's new equity guidance and updated assessment criteria, which aim to ensure issues of equity are consistently and transparently addressed in a structured way across all rule changes and reviews.</p>
<p>How will the Commission consider if retail competition is working?</p>	<p>Retail competition is the cornerstone of our electricity market arrangements, as the interface between consumers and the electricity system. We rely on competition, with supporting customer protections, to deliver good consumer outcomes in the electricity retail market.</p> <p>We consider that an effective retail market is most likely to deliver on the objectives of this review, and our focus is therefore on how we can improve the effectiveness of competition to deliver these objectives and only regulate where we consider it will fall short. Effective retail market competition should deliver a diverse range of high quality products and services at competitive prices.</p> <p>The discussion paper notes there are other processes underway that are considering the effectiveness of consumer protections in the uptake of CER, and seeks stakeholder input on where further reform may be required.</p>

Question area	Answer
	<p>We are seeking input from stakeholders to understand if there are areas of the pricing framework that could better support the availability of offerings that consumers want. This could include any evidence that talks to the key areas on page 39 of the discussion paper that we believe should be evident.</p>
<p>Is the Commission considering how to address issues with incumbent retailers?</p>	<p>We are seeking input from stakeholders to understand if there are areas of the pricing framework that could better support the availability of offerings that consumers want.</p> <p>DCCEEW's Better Energy Customer Experiences review may also consider the retailer authorisation process, which could also support market entry competition.</p>
<p>Are we missing a key player in the market, aggregators for small consumers, due to positions in other rule changes?</p>	<p>In our 2024 Unlocking CER benefits through flexible trading rule change, we created secondary settlement points. Secondary settlement points allow customers to separately meter devices or parts of their premises, and for retailers to provide different offers at primary and secondary settlement points.</p> <p>We enabled large customers to engage multiple retailers (or small resource aggregators) at primary and secondary settlement points. We did not extend this to small customers (including residential customers), we noted that this would require considerable changes to the National Energy Customer Framework and could complicate the roles of metering coordinators and implementation of dynamic operating envelopes.</p> <p>Energy and Climate Change Ministerial Council (ECMC), led by the Department of Climate Change, Energy, the Environment and Water (DCCEEW), along with state and territory governments, is progressing a review of the energy consumer protection frameworks. The aim of the review is to ensure the frameworks are strong and fit for purpose both now and into the future, in recognition that people's use of electricity and gas is changing.</p>
<p>Where does the Commission consider there is potential to lower costs for everyone? Can the Commission elaborate on the assumptions and the tension between signals to reduce prices with simple consumer facing prices?</p>	<p>We consider enabling the spectrum of offers to meet consumer needs will enable certainty without necessarily undermining efficiency. Consumer facing simplicity doesn't necessarily mean underlying inefficiency. There are many products that can improve efficiency compared to the status quo and still offer certainty for customers. For example, the directions paper discusses a subscription product, where a customer would pay a fixed price for electricity, within some limits, across a given period, such as monthly or fortnightly. This gives customers certainty over their bill, with very little risk on their side. Efficiency would be improved, if some customers elect to yield some control of some of their devices to their service provider, in return for a reduced subscription price, or relaxed consumption limits. At the limit, efficiency and simplicity may be at odds, but we are far from the limit, and have opportunities to create win-wins with simpler products that lower costs for all customers.</p> <p>Further, the AEMC's consumer rule change package is a targeted set of reforms that address specific and persistent consumer issues, we do not consider they are contrary to the intent of the Pricing review, which has a much wider remit.</p>
<p>Is the Commission considering the information that consumers see and where these charges arise from (e.g. network tariffs, retail costs)?</p>	<p>It is important that consumers receive information that they can use and act on. Where there are signals that consumers can and want to effectively respond to, then this information should be provided at a time and manner that allows this.</p>

Question area	Answer
	<p>However, we have heard through consultation that consumers find the energy market confusing and complex. This includes being able to easily compare plans and prices. Providing consumers with a full breakdown of all costs when they are unable to avoid or influence some of these costs is likely to add to the complexity and confusion, rather than improve the outcome for consumers. Any recommendations around this would have to carefully consider this balance.</p>
<p>Who are network tariffs designed for?</p>	<p>We are seeking feedback from stakeholders on who networks should design their tariffs for. Since 2021, the NER allows networks to design tariffs for retailers or consumers. Our discussion paper found that networks appear to design their network tariffs for consumers.</p> <p>We consider that in some circumstances designing network tariffs for retailers could lead to lower overall costs to consumers. However, this depends on many factors including the ability of retailers to manage network price signals for consumers.</p>
<p>Did we get network tariff design wrong?</p>	<p>The existing network pricing principles, and tariff structure statement process, were largely introduced in 2014. The network pricing principles are based on solid economic foundations and appropriate for a world where retailers and, where appropriate, consumers cannot respond to price changes in real-time. We would like to hear from stakeholders how the network pricing principles and tariff structure statement processes should evolve to keep up with emerging technologies, such as electric vehicles and batteries.</p>
<p>Does the Commission consider time of use tariffs are a problem?</p>	<p>The Commission has identified that network tariffs designed on a volumetric basis (that is, charged on a per unit of energy consumed) to pay for what are generally unavoidable network costs can lead to poor consumer outcomes. Time-of-use tariffs are an example of this. They can be additionally problematic when they cause consumers to unnecessarily shift their behaviour or investments in response.</p> <p>While some consumers may want retail products which are structured on a time-of-use basis, the underlying network tariff does not have to be in this form.</p>
<p>Is the Commission considering fixed tariffs?</p>	<p>Fixed tariffs can refer to a fixed daily/periodic rate.</p> <p>Fixed tariffs may satisfy some good outcomes for consumers. However, <i>some</i> form of signal is required to also achieve lower overall network costs. We welcome stakeholder feedback on the potential role of fixed tariffs in delivering the right framework for future consumers.</p>
<p>Is the Commission considering dynamic or local network tariffs?</p>	<p>The Discussion Paper identifies that future consumers will want access to a range of products, from the basic to the sophisticated (and everything in between). Sophisticated products, which offer a higher risk/reward proposition, could involve more dynamic network price signals. Retailers could tailor these into new innovative products, including for specific end uses (such as electric vehicles) or specific locations. We would appreciate stakeholder input on how their proposed ideas (such as ‘direct-from-network’ pricing raised in the questions) would contribute to a pricing framework for future consumers.</p>

Question area	Answer
	<p>On the other end of the spectrum there are also customers who are not engaged with their energy product, and should not need to be. As we outline in the paper, for these customers the cost of sending long run behavioural signals may be greater than reciprocal reduction in network costs. However, there is no reason that in the spectrum of offers between basic and sophisticated, a retailer could not structure their products to offer predictable signals that manage underlying wholesale market and network costs.</p> <p>We have also raised in the paper that inconsistency in network tariffs across networks and time raises costs for retailers. Improvements in consistency, including for areas such as two-way export tariffs, will help retailers to create innovative products and reduce the costs they passthrough to consumers. We do, however, acknowledge that consistency of network tariffs is not the primary goal, and there will be circumstances in which differences between networks is justified and appropriate.</p> <p>In our <i>Accelerating smart meter deployment rule change</i>, we introduced a customer safeguard to protect customers from unwanted retail tariff structure changes for two years following a smart meter installation. Our final determination recognised that this was a time-bound reform, with the Pricing review providing the opportunity to contemplate enduring reforms.</p>

Question area	Answer
Is the wholesale market, transmission costs or jurisdictional schemes in scope of the review?	<p>The scope of this review covers both retail arrangements and those governing distribution networks. Wholesale market and transmission network arrangements are not in scope, though we may consider linkages with these arrangements where appropriate. We therefore focus on retail and distribution network matters in this paper.</p> <p>There are a number of schemes that consumers pay for through their energy bills (for example renewable energy zones). These are determined by jurisdictions. The AEMC does not have the power to amend these, though we make may recommendations or observations on these arrangements.</p>