10 July 2025

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

Dear Mr Lewis,

The Pricing Review – Discussion paper

Origin Energy (Origin) appreciates the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) The Pricing Review Discussion Paper.

The challenge in setting a future looking pricing framework is that there will be a broad spectrum of customer preferences. Not every customer wants a complex energy product and nor can every customer afford the investment necessary for this technology. At present, most customers want simple low-cost tariffs.

The current national energy consumer framework (NECF) is not applicable to all services that fall within the AEMC's "bookend". While the customer contract model in the NECF is appropriate and necessary for basic energy services, it is highly unlikely to be relevant for emerging bespoke energy services. It is vital that the future regulatory pricing framework does not hinder the development of these services.

We strongly believe that this review should not only consider how the future pricing framework should support new products and services but also how pricing should protect customers at the extreme end of the "bookend" i.e. hardship customers. We believe the AEMC should consider the development of a dedicated hardship tariff. As the AEMC archetype describes, it is vital that these customers are "not to be left behind".

The role of network pricing should be to strike a balance between sending signals regarding the efficient use of the network and not making network prices so complicated that they impede incentives for retailers to develop new products and services.

We strongly advocate for a time of use tariff structure as a default network tariff for smart meter customers and for all networks to adopt the same TOU tariff structure at this point in time. Simple cost reflective signals and consistently applied tariffs across all networks are more likely to be reflected in retail offerings and therefore expose customers to price signals sought by networks. We also support more complex network tariffs being available on an opt-in basis to accommodate more sophisticated customers (the "enablers").

While the AEMC has acknowledged several other regulatory processes currently underway, we reinforce the importance for regulators to have a coordinated approach when there is potential overlap in their respective remits.

If you have any questions regarding this submission, please contact me on (07) 3867 0620 or sean.greenup@originenergy.com.au.

Yours sincerely

Sean Greenup
Group Manager Regulatory Policy

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?

As the AEMC's customer archetypes identify, not every customer wants a complex energy product where they can respond to various prices signals; nor can every customer afford the investment necessary to access the enabling technology. At present, with the exception of "embracers", most customers want simple low cost tariffs.

As the AEMC highlights, "embracers" are likely to be fully engaged in energy technology. For these customers, it is likely that there will be a demand for service providers to meet their individual preferences. For example, some customers will want a high guaranteed level of charge in the EV while others will happily trade this certainty for benefits elsewhere, such as potentially responding to a wholesale price opportunity. Preferences will differ. It is important that the regulatory framework is sufficiently flexibility to accommodate this diversity in product offerings. While the standard contract model in the current NECF remains appropriate and necessary for basic energy services, it is highly unlikely to be relevant to more bespoke energy as a service arrangements.

Our position is that the current NECF is not applicable to all services that fall within the "bookend". It is vital that the regulatory framework does not hinder these services evolving; especially the need to have individual and flexible price/service offerings. In terms of the form of regulation to apply to new energy services, given the uncertain way new energy services are likely to evolve it will be vital that the future regulatory model will be able to balance regulatory flexibility with the clarity of regulatory prescription. It should also be sufficiently adaptive so that it can be applied to new and changing situations thereby allowing for a greater degree of "future-proofing", without having to create new rules. For instance, detailed rules can be used to supplement principles; official guidance can be issued to explain the principles; and dialogue can be facilitated between the regulator and businesses.

Equally customers must have confidence that if their contractual obligations are not met and if the parties cannot resolve their dispute there must be a trusted and accessible third party for dispute resolution.

While the AEMC has acknowledged that the Department of Climate Change, Energy, the Environment and Water is considering these issues as part of its Better Energy Customer Experiences (BECE) review, we reinforce the importance for regulators to have a coordinated approach when there is potential overlap in their respective remits.

The "not to be left behind" consumer archetype is most at risk of adverse outcomes from the energy transition. This is because a large portion of these customers will not have the financial capability to be able to fully access consumer energy resources (CER) and other technologies that will allow them to better manage their energy costs. We believe that the majority of hardship customers fall within this archetype.

It is vital that these customers are literally not left behind.

In response to the Energy and Climate Change Ministerial Council's (ECMC) consumer related Rule change proposal[1], Origin advocated for a dedicated hardship tariff for these customers. The AEMC did not accept our proposal as part of its assessment. The AEMC considered a social tariff as broader in nature than the rule change. The AEMC indicated that this issue was better considered as part of this pricing framework review.[2]

We strongly believe that this review should not only consider how the pricing framework supports new products and services but also products and services at the extreme end of the bookend i.e. hardship customers.

[1] AEMC Assisting hardship customers Rule change proposal, Reference, RRC0060.
[2] AEMC, Assisting hardship customers, Rule determination, 19 June 2025, p. 34.

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A balanced pricing framework should help hardship customers better manage their bills and debt, to tackle their debts and manage ongoing energy usage. We do not believe the AEMC's final rule best achieves these objectives. The decision to link the cost of energy to a retailer's deemed better offer will not deliver equitable outcomes. This decision will result in hardship customers paying different costs across retailers. This is neither fair nor equitable.

In addition, in our experience applying credits to a customer's bill will not encourage the customer to engage with their retailer. As a result, this diminishes the ability for the retailer to actively work with the customer to help them better manage their bills and debt.

Origin continues to support the development of a dedicated hardship tariff as a more effective and equitable approach to supporting customers experiencing financial difficulty. We retain the arguments put forward in our submission to the AEMC's consultation paper and draft decision and request the AEMC consider our submissions in this review. Rather than re-state the content we request the AEMC consider our hardship tariff proposal set out in these submissions.

To summarise, an independently determined hardship tariff would ensure that all eligible customers receive access to the same price, regardless of their retailer. This addresses a key shortcoming of the proposed Rule change, which ties support to each retailer's deemed better offer. As these offers vary between retailers, customers may receive inconsistent levels of support, creating inequity across the market.

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

We agree market-based solutions that drive competition are often the most effective and efficient way to achieve efficiencies and deliver the best outcomes for consumers. We also believe that retailers are best placed to manage the customer interface through the energy transition.

The retail electricity and consumer energy resource markets are relatively immature. Competition was introduced into the retail sector in the early 2000s with not all jurisdictions fully deregulating their electricity markets until 2016. Power of Choice did not commence until December 2017, and the mandatory rollout of smart meters will not commence until December 2025. Currently the penetration of smart meters across the NEM (aside from Victoria), a key enabler of innovation, sits at about 50 per cent.

In light of cost-of-living pressures and increasing energy prices (largely driven by wholesale and network costs) there is an understandable desire to want to see innovation that will drive lower costs and empower customers to better manager energy usage.

Despite being at the early stages of its development, the market has seen the introduction of virtual power plants (e.g. Origin Loop), solar and battery products and packages, EV charging solutions, connected/smart home solutions electrifying homes, wholesale passthrough products, gamified products such as Origin Spike and accounts linked to external rewards e.g. Woolworths and Coles Rewards Points; which are highly valued by customers.

At the same time retailers are balancing the desire for more innovation, there remains a very large cohort of customers who want simple low-cost energy. Even this has generated innovation. For example, Origin has invested heavily in implementing its Kraken customer platform that we firmly believe will deliver better customer services at a lower cost.

Innovation takes investment and scale and there will be lag between when research and development translates into new products and services. Given the maturity of the market and existing technology we believe there is clear evidence that the retail market has delivered a mix of services that customers value. As smart meter penetration increases and more customers install CER we believe that given an appropriately flexible regulatory framework this innovation will continue.

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

The role of network pricing should be to strike a balance between sending signals regarding the efficient use of the network and not making network prices so complicated that they impede incentives for retailers to develop products and services for consumers.

A regular observation of the AEMC and other regulators is that customers find engaging with the electricity market complicated and difficult to understand. At present there is about a 50 per cent penetration of smart meters. As a result, the majority of customers are comparing between "simple" two-part retail tariffs.

However, networks have embarked on an aggressive transition to complex network tariffs such as demand tariffs and complex variants of demand tariffs. For example, over the past five years, a number of networks in both Queensland and NSW introduced default demand tariffs to new and existing small customers with smart meters. In response, several retailers chose to apply these demand tariffs to their retail customers upon receiving a smart meter.

The increased application of demand tariffs to smart meter customers and the resultant price shocks resulted in a raft of customer complaints.[3] In response to customer concerns, the AEMC introduced several consumer safeguards as part of its Accelerating Smart Meter Deployment rule change. These included that energy retailers will not be allowed to apply new charges – including demand charges – without the customer's consent, for two years following the installation of an energy meter. After the two-year period, retailers will have to provide customers with clear information about how any tariff changes will affect their bills as compared to what they were previously paying.[4]

In addition, the final rule introduced a requirement for designated retailers to offer customers with a smart meter a flat retail tariff if it is implemented by the corresponding jurisdictions.[5] The Queensland government chose to apply the legislation, ruling that customers on smart meters who had been moved to a demand or time-of-use tariff must be allowed to switch to a flat-rate tariff with no demand charge or other form of dynamic pricing.[6]

More recently, in relation to Energex and Ergon Energy's 2025-30 regulatory proposals, the AER rejected proposed default demand-based tariffs on the basis that customers may not be able to mitigate the impact of them because they may not be able to understand these tariffs. The AER required Energex and Ergon Energy to make time of use (TOU) tariffs the default tariff for small customers with smart meters. In addition, existing customers on the default transitional demand tariff were required to be reassigned to TOU tariffs (not TOU demand tariffs) from 1 July 2025.[7]

Policy and regulatory interventions create both direct costs associated with implementation of a new regulatory requirement, as well as indirect costs associated with foregone opportunities. We believe the introduction of network demand tariffs before customers were ready is an example of how outcomes could be improved. It has proven to be a costly and frustrating exercise for retailers and a confusing experience for customers.

It is important this process doesn't happen again. We believe there needs to be greater focus on what tariff types retailers would be prepared to reflect in their retail offerings. The issue to date in network tariff settings is that networks have been too aggressive in implementing cost reflectivity and retailers have been too passive in signalling their preferences.

While networks have customer engagement obligations, we support the requirement for a dedicated and formal network and retailer engagement. We understand there will be potential competition restrictions that will need to be managed, notwithstanding it is vital that there is a clear understanding between networks

[3] See for example ABC Energy retailers' 'insidious' power pricing charges households based on highest point of use - ABC News and Choice Retailers using smart meters to increase energy bills | CHOICE.
[4] AEMC, Accelerating Smart Meter Deployment, Rule determination, November 2024, p. 28.
[5] AEMC, Accelerating Smart Meter Deployment, Rule determination, November 2024, p. 28, p.31.
[6] National Energy Retail Law (Queensland) Amendment Regulation (No. 2) 2024.
[7] AER, Final decision – Energex distribution determination 2025–30 – Overview, April 2025, p. viii.

and retailers regarding how the respective parties will approach tariffs and for this to be understood by regulators before they make decisions, not after.

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

It is important when setting network tariffs that the pricing framework does not impose a false sense of precision. A robust framework should recognise the maturity of the market and set tariffs accordingly i.e. tariffs should reflect customer understanding and the capability of technologies to manage more complex signals on behalf of customers instead of exposing customers directly.

We feel networks have rushed to the far end of the cost reflective pricing spectrum too soon. Customers do not understand many of the proposed network tariff structures and retailers will not expose their customers to products they do not understand or want.

The role of network pricing should be to strike a balance between sending signals regarding the efficient use of the network and not making network prices so complicated that they impede incentives for retailers to develop new products and services.

We strongly advocate for:

- A time of use tariff structure as a default network tariff for smart meter customers. We think TOU tariffs are sufficient to facilitate the uptake of current products such as VPP and consumer energy resources such as solar and battery
- All networks to adopt the same TOU tariff structure and charging intervals. Simple cost reflective signals and consistently applied tariffs across all networks are more likely to be reflected in retail offerings and therefore expose customers to price signals sought by networks.
- More complex tariff offerings to be provided on an opt-in basis.

Over time as technology evolves and customers understanding and confidence matures, we believe there is likely to be a greater uptake of complex opt-in tariffs such as TOU solar feed-in tariffs. We believe this will enable the market to evolve at its own pace without trying to predetermine what tariffs customers should have.