

The pricing review: Draft report

Ambitious changes are needed to ensure the electricity market delivers for all consumers

The way Australians are using electricity is changing. More than a third of households have solar PV, and more are installing it every week. Many are buying batteries. Many customers, including businesses, are switching from gas to electric appliances, and electric vehicle (EV) sales are growing.

The electricity retail market is changing, too. Many customers are on time-of-use plans that reward them for using electricity when demand is low. Electricity service providers are offering new plan types, including products that reward customers for sharing energy from their battery or solar with others.

While some consumers are clearly benefiting from competition and innovation, we also see evidence that competition is only partially effective. Innovation tends to be for more complex offerings, but simple plans — such as subscription-type offers we see in other industries — have not emerged to the same degree.

Many consumers are paying a ‘loyalty tax’ — a higher price than they would pay if they switched plan or provider regularly — and do not have access to the tools they need to choose a plan that suits them.

We also see a risk that if current arrangements continue, consumers with solar, batteries or EVs would continue to contribute less to the cost of the electricity network, despite relying on it for exports and for backup power. This means that consumers without these technologies would pay relatively more, leading to inequitable cost sharing.

The AEMC has proposed six recommendations for a smarter and fairer pricing framework that meets consumers’ needs at lowest cost

We envision a dynamic energy services market that delivers value, meets the preferences of different consumers, and offers choice of energy service providers, while ensuring lowest overall costs and building trust through targeted protections.

The AEMC initiated this review to examine the crucial role that electricity pricing, products, and services will play in meeting the diverse needs of customers.

As the next step in this review, we are making six draft recommendations across three themes, informed by stakeholders’ submissions and engagement with us:

Theme 1: Harness competition to improve outcomes for all consumers	<ol style="list-style-type: none"> 1. Require energy service providers to charge all customers on the same plan the same price, to address the 'loyalty tax' on customers who don't switch and ensure every customer is always on the best price 2. Introduce a competitive franchise for the cohort of customers who haven't chosen a market offer, so that all customers are on a competitive plan 3. Periodically review whether regulations are supporting good consumer outcomes in an evolving market
Theme 2: Make it easier for consumers to compare offers that suit them	<ol style="list-style-type: none"> 4. Provide the AER with additional funding to upgrade Energy Made Easy so that consumers can easily compare electricity offers, including new and emerging types
Theme 3: Reward consumers for activities that are valuable in achieving a lowest-cost system, and target a more equitable allocation of shared costs	<ol style="list-style-type: none"> 5. Amend the rules to focus network tariff design on efficiency, supporting a lowest-cost grid and a fairer sharing of costs among consumers 6. Amend the rules to ensure networks design tariffs for energy service providers, rather than directly for customers, to promote more flexible and innovative retail offers

We want to see these changes implemented as soon as possible.

However, many of these changes would take time to implement, and the market would need time to adapt. It could take up to 10 years to fully realise the benefits as these changes and other reforms take effect.

In the coming months, we will consult on measures to ensure that consumer impacts are carefully managed during the transition to these new settings.

Next steps

The review has relied on multiple rounds of stakeholder engagement, including submissions on prior publications. We are grateful for stakeholders' ongoing support for and input to the review.

On 15 December 2025 we will hold a public forum to discuss the report. We invite stakeholders to [register](#) for the public forum.

We are interested in feedback on the themes and the draft recommendations, to allow us to work together to develop the best set of recommendations to promote the long-term interests of consumers.

We are also interested in whether there are other suggestions from stakeholders on how we can best achieve the objectives we have set for these reforms.

Written submissions responding to the paper must be lodged with the [Commission](#) by 13 February 2026.

Stakeholders' responses to this paper will help shape final recommendations, to be presented in our final report, which will be published in Q2 2026.

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