

Ms Anna Collyer
Chair
Australian Energy Market Commission
60 Castlereagh St
Sydney New South Wales 2000

13 February 2026

Dear Ms Collyer

The pricing review: Electricity pricing for the customer-driven future

ActewAGL Retail (ActewAGL) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Draft report considering future electricity products and services, and the prices that consumers pay for these.

ActewAGL is an energy retailer servicing the Canberra region and surrounding areas of south-east New South Wales, including Queanbeyan, Goulburn, the Snowy Mountains, Nowra and the South Coast.

ActewAGL supports the AEMC's intent to enable a diverse range of products and services and to deliver a smarter and fairer electricity pricing framework that meets consumers' needs at lowest cost. We also support the AEMC's view that effective retail competition should deliver product and service innovation, value creation, choice and competitive prices.¹ While ActewAGL shares these objectives, we are concerned about the implications for and impact on the retail electricity market, should several of the proposed measures be implemented.

There are currently multiple major retail reforms underway, including changes to the Default Market Offer (DMO), new billing and better offer requirements² and strengthened hardship and consumer pricing protections. At the same time, significant market-enabling reforms such as the smart meter rollout, consumer energy resources (CER) roadmap and flexible trading arrangements are still being implemented and will take several years to fully mature. Having reviewed the AEMC's draft recommendations, we consider that introducing further retail-focused interventions at this stage risks pre-empting outcomes of reforms already in progress.

In contrast, network tariff design reforms offer the greatest potential to improve outcomes for

¹ AEMC (2025), The pricing review - Electricity pricing for a consumer-driven future, Draft report, December, pp. i, 20 and 48.

² AEMC (2025), Improving Consumer Confidence in Retail Energy Plans, Final Rule Determination, June. AEMC (2025), Improving the Ability to Switch to a Better Offer, Final Rule Determination, September. AEMC (2025), Assisting Hardship Customers, Final Rule, June. AEMC (2025), Improving the Application of Concessions to Bills, Final Rule Determination, September.

customers and the system. The reforms underway, combined with more efficient tariff design, will naturally support innovation and expand customer choice as new technologies develop and become mainstream.

ActewAGL does not support mandating uniform pricing (Recommendation 1) for all customers on the same plan. Existing safeguards such as the DMO, Victorian Default Offer (VDO) and the ACT's reference price, together with incoming customer protection measures, already protect disengaged customers and influence overall market pricing. Evidence from the ACT shows that 97 per cent of customers pay at or below the reference price, and 82 per cent pay less than the reference price.³ Mandating uniform pricing would create several negative implications:

- Higher prices for engaged, price-sensitive customers, as moving to a uniform price would limit the extent of discounts available to customers who actively shop around.
- Negative impacts on competition, because removing acquisition pricing takes away a key lever retailers use to attract new customers and removes an important incentive for customers to stay engaged in the market.
- Uniform pricing is also unlikely to deliver the innovation benefits anticipated by the AEMC, because the current limitation on innovation in retail products stems from the availability and maturity of enabling technologies such as CER, smart meters, flexible trading and real time data. While some advanced offers already exist, they have not been taken up in large numbers because the necessary technologies and data systems are still being rolled out and are not yet sufficiently mature to support widespread adoption. Innovation is therefore constrained by technology readiness, not by the existence of price competition or acquisition pricing. As these reforms progress and technologies mature, innovation will naturally increase regardless of uniform pricing.

ActewAGL is concerned that the proposal to introduce a competitive franchise (Recommendation 2) for standing offer customers is disproportionate and introduces significant risks, including privacy concerns and erosion of customer trust, as well as disruption to retailers' hedging arrangements. Standing offer customers represent a small and declining cohort, and the reasons customers remain on standing offers are varied. Recent reforms, including the AER's Better Bills Guideline and 'deemed better offer' obligations for hardship customers, already provide strong protections for customers who are disengaged, vulnerable, or otherwise unable to navigate the retail electricity market.

Instead of introducing further changes now, and scheduling periodic reviews (recommendation 3), we recommend allowing current reforms to flow through, with additional suggestions provided in Appendix 1. In addition to providing further funding to improve Energy Made Easy (Recommendation 4), we support running awareness campaigns so customers better understand the energy market and are directed to Energy Made Easy, as an independent, government service they can trust.

³ ICRC (2025), ACT retail electricity market monitoring 2025, December, p. 15.

ActewAGL supports the AEMC's direction in Recommendations 5 and 6 to move toward more efficient network tariffs and to design these tariffs for retailers rather than customers as the end user. More sophisticated or dynamic tariffs should remain opt-in only, available to customers who can genuinely benefit through enabling technologies. It is essential that retailers can keep tariff complexity behind the retail interface, so customers can continue to choose simple and stable plans. This ensures innovation can progress without overwhelming customers, while still delivering the system-wide benefits from more efficient and flexible tariff design.

Detailed responses to the draft report questions are provided in Appendix 1.

We look forward to continued engagement with the AEMC on this important review. Should you have any questions in relation to this submission please contact Kate Goatley, Acting Group Manager Pricing, Analytics and Regulatory, by phone on (02) 6248 3592 or at kate.goatley@actewagl.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R. Richardson', with a stylized flourish at the end.

Rohan Richardson
Acting General Manager, ActewAGL Retail

Appendix 1

Question 1: Remove retail loyalty tax

Do you consider recommendation 1 would provide a better outcome for market offer customers? If so, why? If not, why not and are there other approaches that would work better? What further implementation and market impacts would need to be considered?

ActewAGL does not support recommendation 1. Mandating uniform pricing for all customers on the same plan would remove incentives for competition, investment and innovation, and weaken incentives for customers to engage in the market. While we understand the AEMC's objective of improving outcomes for customers who do not engage with the market on a regular basis, a uniform pricing requirement would have unintended consequences that undermine competitive dynamics and risk higher prices for the most price-sensitive customers.

Since the 2018 ACCC Retail Electricity Pricing Inquiry,⁴ governments and regulators have implemented major reforms to improve retail competition and protect disengaged customers. In most National Electricity Market (NEM) jurisdictions this included the introduction of price caps on standing offer prices such as the Default Market Offer (DMO) and Victorian Default Offer (VDO). In the ACT, where retail electricity prices are regulated by the Independent Competition and Regulatory Commission (ICRC), similar safeguards have long been in place.

These measures have provided a safety net for disengaged customers by acting as price caps for standing offers and influencing market offer prices within each jurisdiction, as they serve as the reference point against which retailers compete. These original safeguards have since been extended through measures such as the better offer notification requirements, rules ensuring hardship customers are offered the 'deemed better offer' and limits on the frequency and size of price increases.⁵ The current retail market provides choice and safeguards:

- Price-sensitive customers who actively engage in the market and seek better deals can benefit from switching to a cheaper plan with their current retailer or taking up an alternative offer from a new retailer.
- For those who are unable or uninterested to shop around, the regulated standing offers provide a safeguard. These offers cap prices at a regulator-determined economically efficient level, limiting retailers' ability to charge above this benchmark.

Understanding price dispersion and "loyalty tax"

What the AEMC describes as a 'loyalty penalty' is, in most cases, the expiry of an introductory

⁴ ACCC (2018), Retail Electricity Pricing Inquiry available at <https://www.accc.gov.au/inquiries-and-consultations/finalised-inquiries/retail-electricity-pricing-inquiry-2017-18/final-report>.

⁵ AEMC (2025) Improving consumer confidence in retail energy plans, June.

discount. Acquisition offers often include a larger percentage off the reference price, providing an incentive to customers to switch. Over time, those discounts expire, and the prices adjust to reflect greater recovery of the underlying fixed and variable costs to serve. This is a normal feature of competitive markets where price differentiation is used to attract new customers.

This dynamic reflects price dispersion, which is an efficient outcome of competition. Price dispersion occurs because customers have different preferences and levels of price elasticity. Some actively seek cheaper deals very regularly, while others value convenience over savings. The ACCC has previously acknowledged that dispersion can also stem from information asymmetry and search costs.⁶ However, since those findings, jurisdictions have implemented a range of reforms to boost competition in retail markets and improve consumer outcomes and experiences.

Importantly, evidence in the ACT demonstrates that the retail electricity market delivers competitive outcomes and affordability for most customers.⁷ According to the ICRC, 97 per cent of residential customers pay at or below the reference price, and 82 per cent pay less than the reference price.⁸ The ICRC data shows that many ACT customers achieve savings of 20 per cent or more below the reference price across a range of tariff types.⁹ The gradual price increases for existing customers over time, as shown in Figure 3.1 of the AEMC report, reflect cost movements and the expiry of introductory discounts.¹⁰ Importantly, this provides an incentive for customers to engage with the market and seek better deals.

Concerns about legacy offers

The AEMC's characterisation of legacy offers overstates the risk they pose. Many legacy plans remain due to technical and regulatory reasons. For example, older metering configurations may not support new tariff types, requiring the retailer to maintain historical plans for affected customers. Retailers are also required under the AER's Retail Pricing Information Guidelines to treat even minor variations, such as different sale channels, metering configurations, eligibility criteria, benefit periods, or contract start and end dates, as distinct plans, each with its own Energy Made Easy plan ID and associated basic and detailed plan information documents. As a result, the number of advertised offers in the market substantially exceeds the number of unique pricing combinations available to customers. A single set of underlying prices (i.e. a daily supply charge and usage rate) can appear multiple times on Energy Made Easy once these administrative and compliance requirements are accounted for.

This regulatory framework means that over time retailers accumulate a growing number of plans as those that are no longer available to new customers remain active for the existing ones. However, these plans can still be competitive and are generally not confusing for consumers because they are not visible/available to new customers. In practice, when

⁶ ACCC (2018), Retail Electricity Pricing Inquiry, Final Report, June, p. 259.

⁷ ICRC (2025), ACT retail electricity market monitoring 2025, December, p. v.

⁸ ICRC (2025), ACT retail electricity market monitoring 2025, December, p. v.

⁹ ICRC (2025), ACT retail electricity market monitoring 2025, December, p.17.

¹⁰ AEMC (2025), The pricing review - Electricity pricing for a consumer-driven future, Draft report, December, p. 26.

comparing their existing price against the currently advertised plans on Energy Made Easy or retailer websites, a customer's decision-making process is based on a set of live market offers.

Mandating uniform pricing would create several risks

1. Higher prices for engaged, price-sensitive customers

Uniform pricing would limit the extent of available discounts for customers who actively seek lower prices. ActewAGL disagrees with the view that customers should not be encouraged to switch offers as switching is a key feature of a competitive energy market and exists in a wide range of other competitive markets. Under current regulations, customers are protected by the reference price if they do not choose to do so. Removing this dynamic would risk higher prices for engaged customers.

2. Reduced competition and weaker switching incentives

Acquisition pricing is a legitimate strategy that enables retailers to compete and grow. Eliminating it would weaken competitive pressure and reduce the availability of attractive deals for customers who actively seek out lower prices. It would also disproportionately disadvantage smaller retailers, who rely on competitive acquisition offers to build a customer base and establish a market share. Removing this tool would weaken incentives for customers to switch, creating a circular problem: with fewer meaningful price differences, customers have less reason to engage with the market, and reduced engagement in turn diminishes competitive pressure, leading to erosion of effective retail competition.

Other competitive markets demonstrate that acquisition pricing is an effective strategy that promotes competition, for example:

- Telecommunications (mobile and broadband) companies routinely offer discounted introductory plans, handset subsidies, and bonus data to attract new customers. These types of offers are a regular feature of retail competition and are widely observed by the ACCC in its annual communications market reports.¹¹
- Banking and financial services offer lower introductory rates for home loans or higher introductory rates on savings accounts to attract new customers. The ACCC explicitly recommended interventions to increase switching so that competitive offers (including introductory pricing) translate into effective competitive pressure on lenders.¹²
- Streaming, insurance, and subscription services frequently use acquisition discounts (e.g., first year premiums, free subscription periods) to win customers.

3. Innovation will not accelerate through retail pricing restrictions

The concern that retailers compete primarily on price at the expense of innovation is mischaracterised. Innovation in retail energy products is still emerging. Retailers cannot

¹¹ ACCC (2025), Communications market report 2024-25, December, p. 8.

¹² ACCC (2020), Home loan price inquiry, Final report, November, p.35.

innovate meaningfully without the digital infrastructure and enabling markets to support new products. In the ACT, around 70 per cent of customers remain on flat tariffs,¹³ and a significant proportion do not yet have smart meters, limiting the feasibility of dynamic pricing and advanced offers. However, innovation will accelerate as reforms such as the AEMC's flexible trading arrangements, universal smart meter rollout by 2030, and network tariff reforms under Recommendations 5 and 6 take effect. Innovation will follow technology and tariff reform, not result from removing acquisition offers.

ActewAGL considers that the following practical ideas could address residual issues in the retail market and complement reforms already underway:

- Monitor outcomes and effectiveness of current reforms before adding more complexity. Significant new initiatives are already on the way, including
 - Universal smart meter rollout by 2030, now mandated and progressing under the 2024 AEMC rule change.¹⁴
 - AEMC consumer rule changes (benefit change protections, once per year price increases, hardship reforms, switching improvements, concession reforms), many of which only take effect in mid-2026.¹⁵
 - DCCEE's review of the Default Market Offer (DMO) and the AER's updated method for determining the DMO, including the indicated introduction of the Solar Sharer Offer.¹⁶
 - The AER's current review of key retail guidelines, which directly influence how offers are presented, compared and communicated to customers.¹⁷
 - The Flexible Trading Arrangements (FTA) rule change enables flexible CER to be separately metered through a secondary settlement point, allowing retailers to offer CER-specific tariffs to small customers.
 - Forthcoming access to real-time data from smart meters (AEMC final rule made December 2025).
 - DCCEE CER Roadmap workstreams on information, markets, and distribution-level integration that will materially shape future service offerings.
- Improve consumer engagement through awareness campaigns. In addition to the measures proposed under Recommendation 4, ActewAGL would support governments committing to ongoing funding for awareness campaigns that promote Energy Made Easy. This option was previously recommended by the ACCC but, to our knowledge, has not been implemented.¹⁸

¹³ ICRC (2025), ACT retail electricity market monitoring 2025, December, p.12.

¹⁴ AEMC (2024), Accelerating Smart Meter Deployment, Final Rule Determination, November.

¹⁵ AEMC (2025), Improving Consumer Confidence in Retail Energy Plans, Final Rule Determination, June. AEMC (2025), Improving the Ability to Switch to a Better Offer, Final Rule Determination, September. AEMC (2025), Assisting Hardship Customers, Final Rule, June. AEMC (2025), Improving the Application of Concessions to Bills, Final Rule Determination, September.

¹⁶ DCCEE (2026) Solar Sharer Offer consultation outcomes paper, January

¹⁷ The AER is reviewing the Benefit Change Notice Guidelines, Better Bills Guideline, Customer Hardship Policy Guideline and Retail Pricing Information Guidelines.

¹⁸ ACCC (2018), Retail Electricity Pricing Inquiry, Final Report, June, p. 286.

Question 2: Introduce a competitive franchise for the cohort of customers who have not chosen a market offer

Do you consider recommendation 2 would provide a better outcome for standing offer customers? If so, why? If not, why not and are there other approaches that would work better? What further implementation and market impacts would need to be considered?

ActewAGL does not consider that this recommendation is proportionate to the issue of concern to the AEMC. While the intent may be to address customer outcomes for the most disengaged customers, the proposed approach introduces significant risks and unintended consequences for both retailers and customers. These issues include the following:

- Customer trust and confidence. Customers may not appreciate discovering that they have been transferred to another retailer without their consent. This could undermine trust in the market and damage customer confidence in retail arrangements.
- Privacy and operational complexity. For retailers to bid for these customers, sensitive information such as creditworthiness and load profiles would need to be disclosed. This raises privacy concerns and creates operational complexity, as retailers would need to assess financial risk before bidding. Revealing customer-specific data (e.g., ability to pay, consumption patterns) to enable meaningful bidding compromises confidentiality and could distort competitive dynamics.
- Standing offer customers are part of existing hedging arrangements. Forcing external intervention and reallocating customers could undermine these arrangements, leaving retailers potentially over-hedged and causing financial losses. Conversely, retailers may be less inclined to bid for customers where this would risk leaving them under-hedged.
- A competitive franchise would add an unnecessary layer of intervention, fragmenting current reference price arrangements that support comparability and competitive pressure.

Under the AER's Better Bills Guideline, retailers are required to clearly communicate on customer bills whether the customer is on their retailer's best offer and how to switch. All customers on standing offers have been receiving this notice for some time, supported by a hyperlink to Energy Made Easy. Recent rule changes also require retailers to include the better offer message in the accompanying bill summary email, not just on the bill itself.¹⁹ In addition, the recent "deemed better offer" obligation will ensure hardship customers are no worse off than if they had been on a retailer's deemed better offer. These reforms significantly reduce the risk of disengaged or vulnerable customers paying more than necessary.

To the extent that customers have not switched, in ActewAGL's experience that suggests

¹⁹ AEMC (2025), Improving the Ability to Switch to a Better Offer, Final Rule Determination, September.

either:

- A deliberate choice to remain on a standing offer (e.g., valuing the regulated price).
 - In ActewAGL's experience, this also includes customers on "standing offers with discounts" in the ACT and NSW. These customers are technically categorised as standing offer customers, but they are not paying full standing offer prices. ActewAGL also notes that the vast majority of hardship customers are already on market offers. Those remaining on a standing offer have been offered a market plan but have deliberately declined to switch.
- A lack of engagement (price inelastic), rather than a failure of market signals or competitive dynamics.

Question 3: Periodically review whether regulations are supporting good consumer outcomes in an evolving market

Do you support the AEMC periodically assessing the impact of regulations and interventions on competition?

ActewAGL supports the principle of reviewing the retail market to ensure regulations are delivering good consumer outcomes. However, the timing and scope of any review should be carefully considered to avoid unnecessary cost and duplication.

We recommend that any review should:

- Allow current reforms to mature, providing time for new technology and innovation to become mainstream. The AEMC noted that it has been regularly inputting into the Better Energy Customer Experience (BECE) process, with DCCEEW expected to release a directions paper in early 2026 and final recommendations in 2027.²⁰ Given this timeline, commencing the AEMC's first review in 2027–28 may be premature, as major reforms, both BECE and those arising from the recent AEMC rule changes, will not yet have been implemented or had time to demonstrate their effect.
- Be holistic and focus on unintended consequences, opportunities to reduce regulatory and compliance costs, and defining any residual concerns that remain after reforms have been implemented.
- Be timed appropriately - three to five years after implementation, when there is a better indication of whether reforms have achieved their objectives and whether additional, specific changes are needed.

In summary, ActewAGL supports a targeted, evidence-based review after reforms have had time to take effect, rather than a routine periodic review that adds cost without clear benefit.

²⁰ [Better Energy Customer Experiences - Department of Climate Change, Energy, Environment and Water.](#)

Question 4: Make it easier for consumers to compare offers

- *What information should be gathered from energy service providers, as the AER considers its review of the retail guidelines?*
- *Do you have any suggestions regarding potential improvements to Energy Made Easy to facilitate consumers' ability to compare offers?*
- *How else can consumers be supported to compare offers in the market?*

ActewAGL supports Recommendation 4 to provide the AER with additional funding to upgrade Energy Made Easy so that consumers can easily compare electricity offers, including new and emerging types. We consider this initiative, combined with a targeted customer awareness campaign would more effectively address any perceived concerns in relation to the residual loyalty penalty issue.

Energy Made Easy already has the capability to use a customer's National Metering Identifier (NMI) to connect to the Australian Energy Market Operator (AEMO) and perform comparisons based on real usage data. However, further enhancements could make the tool more valuable. For example:

- It could highlight potential behavioural changes (such as shifting EV charging or flexible appliance use) that may unlock savings and display non price features such as Virtual power plan (VPP) participation, carbon neutral options, and bundled CER services.
- Adding a bill projection tool that uses customers' actual interval data and optional adjustments (i.e. behaviour changes or a new occupant) to estimate future bills would provide a clearer, more intuitive view of potential savings under different plans.

Retailers also have tools to support optimisation when customers call or visit their websites. For example, call centre agents often use a tariff calculator that uploads a customer's interval data and tests it across available plans to determine which offer would deliver the lowest bill.

To maximise its impact, Energy Made Easy should be easier to find and should clearly present itself as an official government service. In ActewAGL's anecdotal experience, many customers report being unsure whether the site is trustworthy or "safe" to use. They are often far more familiar with commercial comparison sites. Improving Energy Made Easy's visibility and ranking in search engines and making it very clear that it is a government-operated service, would help build consumer trust. These improvements should be supported by a targeted customer awareness campaign to ensure consumers understand the benefits of engaging in the energy retail market and that Energy Made Easy is an official, independent tool.

Finally, comparisons should be as accurate and relevant as possible. Energy Made Easy should show only the offers a customer is eligible for, based on meter type, CER capability, and any other relevant constraints, and its sorting and filtering functions should reflect this.

These improvements would make Energy Made Easy a more powerful and trusted tool for consumers navigating an increasingly complex energy market.

Question 5: Implement reforms such that network tariff design is focused on efficiency

- *Do you consider that the proposed reforms would be effective in delivering more efficient network tariffs and better promote the long-term interests of consumers than the existing rules?*
- *If not, are there different approaches that would work better?*

ActewAGL supports the AEMC’s direction to move toward more efficient network tariffs and to design these tariffs for retailers, as this will ultimately benefit retail customers.

More sophisticated or dynamic tariffs should remain opt-in only, available to customers who can genuinely benefit through enabling technologies. It is essential that retailers can keep tariff complexity behind the retail interface, so customers can continue to choose simple and stable plans. This ensures innovation can progress without overwhelming customers, while still delivering the system-wide benefits derived from more efficient and flexible tariff design.

The AEMC’s draft report appears to assume that only a relatively small proportion of customers need to actively respond to a dynamic network signal to achieve material network benefits, and that retailers can manage these signals effectively at a portfolio level. However, the draft report does not provide analysis of the scale of CER response required to achieve this outcome. It would be helpful for the AEMC to explore this further through empirical analysis and consultation with networks and retailers before relying on it as a basis for major tariff reforms in the final report. This model may be workable if during congestion events, the CER cohort provides sufficient flexibility to offset network costs, while enabling the retailer to absorb the dynamic network charge for all remaining customers.

We support the AEMC’s objective of reducing inefficient cross subsidies in network cost recovery. However, rebalancing toward higher fixed charges needs to be managed carefully over time as it will create both winners and losers.²¹ Retailers have managed structural price transitions before, such as the move from high to low feed in tariffs and understand the importance of clear communication and customer focused implementation. A key feature of the proposed reform must be that it delivers long-term system benefits that go beyond short-term redistribution impacts and ultimately support lower overall costs for all customers. While some customers may face higher network charges, those same customers are also likely to be rewarded for participating in dynamic response or CER-enabled offerings, helping to offset these impacts.

²¹ AEMC (2025), The pricing review - Electricity pricing for a consumer-driven future, Draft report, December, p 41.

The AEMC has committed to provide further work on distributional impacts and transitional measures in the final report.²² If the AEMC is able to estimate the likely size of these offsetting benefits, particularly for more engaged CER customers who are best placed to respond, it would give stakeholders more confidence in how the reforms will operate in practice.

Question 6: Ensure that network tariffs are developed and designed for energy service providers

- *Do you consider that removing or amending the customer impact and customer understanding principles, as outlined, would make energy service providers central to network tariff design?*
- *If so, why and what would the preferred option be? If not, are there different approaches that would work better?*
- *Do you consider that the tariff structure statement timing can be amended to reduce energy service provider compliance costs and support energy service provider innovation? If so, why and what would be the preferred option? If not, are there different approaches that would work better?*

ActewAGL supports the AEMC’s proposal to amend the rules so that network tariffs are designed for retailers rather than directly for customers. We agree that this approach will support retail innovation and enable retailers to manage risk and deliver tailored products, including CER-enabled services that meet evolving customer needs.

Removing or amending “customer impact” and “customer understanding” principles

ActewAGL supports removing or amending the “customer impact” and “customer understanding” principles, which currently constrain tariff design. Any revised principles should recognise that:

- the primary user of network tariffs is the retailer, and
- customer impacts should be managed through retail product design, not through limiting network tariff structures.

Timing and flexibility of the TSS process

ActewAGL supports increasing flexibility in the Tariff Structure Statement (TSS) process to allow timely adjustments, provided there are appropriate thresholds in place. In our view, adjustments to elements of the TSS should be permitted only where key attributes (e.g., demand forecasts, load profiles, CER penetration, constraint locations) differ materially from what was assumed at the time of the TSS approval.

²² AEMC (2025), The pricing review - Electricity pricing for a consumer-driven future, Draft report, December, pp. 51.

ActewAGL's preferred approach would have the following features:

- Networks should be required to consult before proposing a TSS amendment.
- Networks should only be allowed to amend a TSS when there is material change, where a percentage deadband could be applied to define material changes.
- Retailers should have sufficient notice and lead time to adjust their products.
- TSS amendments should be subject to AER approval and minimum consultation periods.

ActewAGL notes that there is a pending rule change request from Energy Networks Australia that aims to make it easier for networks to refine tariffs within the period.

Consultation with retailers

ActewAGL strongly supports strengthening and refocusing consultation requirements on retailers because retailers are best placed to advise whether proposed tariffs are:

- feasible within billing, settlement, and other systems,
- compatible across Distribution Network Service Providers (DNSPs) and jurisdictions so that retailers can operate efficiently across multiple distribution networks and states, without needing to build bespoke systems for every DNSP's tariff structure, and
- capable of being packaged into customer-facing offers.

While ActewAGL supports cost-reflective network tariffs, there must be some design constraints to ensure tariffs are workable within retail competitive markets (i.e. retailer can reasonably manage them at a portfolio level). Network tariffs that are excessively volatile, highly granular or too unpredictable may not be efficiently translated into retail products. In such cases, retailers may need to smooth or socialise risk, weakening the intended marginal cost signal.

In summary, Recommendation 6 aligns with ActewAGL's experience that retailers are best placed to manage complexity and package tariffs into innovative offers that customers value. We consider these reforms will help unlock more efficient and consumer-focused outcomes during the energy transition.

Question 7: We are considering transitional measures to manage the impacts of reforms, and will outline these in the final report

- *Do you consider the proposed transitional supports would manage the transition effectively and fairly? Are there other options that we have not considered?*
- *How can the distributional impacts of a move to predominantly fixed charges be assessed and managed so that consumers are transitioned fairly and risks are appropriately managed?*

ActewAGL supports a phased approach that allows tariff reforms to be phased in gradually over several years. This gives both retailers and networks the time needed to adapt systems and processes in a cost effective way. During the transition, retailers will need to invest in upgraded billing systems, redesign retail products, and help smooth bill impacts as network charges shift toward a higher fixed charge structure.

As part of this phased approach, we consider that AEMC's Option 2, requiring networks to consider retailers' ability to adapt, may be necessary. As these reforms are phased in, it will be important that tariff changes occur at a pace retailers can realistically manage. A gradual rollout allows retailers to update systems, redesign products and support customers through the transition. Over time, as technologies mature and become more mainstream, we also expect customer willingness to adopt more complex offers to increase, provided retailers manage that complexity for them.

If Option 3 (empowering the AER to have a more active role) is considered the preferred option, this role would need to be carefully scoped. The AER will, in effect, act as a "speed limit" on tariff reform by determining how quickly DNSPs can move toward more efficient tariffs through its assessments of consumer impacts, stakeholder feedback and compliance with the National Electricity Rules. To avoid unnecessary delays, uncertainty, and regulatory burden, the AER's role should focus on ensuring transparency, good process and adequate consultation, rather than tightly controlling the pace of reform.

Question 8: An implementation schedule that achieves necessary reform quickly while balancing cost and risk

- *Do you consider the reforms could be implemented using current processes outlined above (e.g., network reset processes)? Or do you consider that different processes, such as an accelerated implementation approach, would be warranted?*
- *Are there other considerations that we need to be aware of in implementing these reforms?*

ActewAGL considers that the reforms should be implemented through existing processes,

such as network reset cycles, rather than accelerated approaches. This will minimise cost and complexity and allow time for technology and market reforms to mature. Accelerated implementation risks unintended consequences and higher compliance costs without delivering better outcomes.

We welcome the AEMC's suggestion that progress toward more efficient tariffs can begin under the current pricing principles, without transitional rule changes. This includes gradual rebalancing toward higher fixed charges and introducing dynamic style elements where supported by evidence. For the ACT, implementation through existing processes means that the next opportunity to incorporate materially revised tariff structures would occur as part of the 2029–34 regulatory control period, which also coincides with the near-completion of the smart meter rollout.