

13 February 2026

Mr Geoffrey Rutledge  
Chief Executive  
Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
SYDNEY NSW 2000

Dear Mr Rutledge

**AEMC Pricing Review: Electricity Pricing for a Consumer-Driven Future (Pricing Review)**

Aurora Energy welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) Pricing Review Draft Report (Draft Report).

Aurora Energy is a customer-centric Tasmanian Government owned energy retailer providing energy services to the vast majority of Tasmania's electricity customers.

The Pricing Review represents a unique opportunity for further discussion on the current challenges facing all market participants in the delivery of end use prices to customers. Aurora Energy welcomes this conversation noting it operates in a market that is distinct from the majority of other National Electricity Market (NEM) jurisdictions.

Tasmania remains subject to a detailed level of price regulation that is governed through a combination of local laws and rules alongside oversight from the Tasmanian Economic Regulator. This framework has resulted in outcomes in both prices and the construct of those prices that mitigate objectives raised in the review. Accordingly, Aurora Energy has provided commentary on the Draft Report recommendations in Appendix A to this letter.

Finally, Aurora Energy notes the engagement from the AEMC on the Pricing Review in communicating through workshops or direct meetings has been beneficial in assisting this submission as well as on the overall progress of the Pricing Review.

Should you wish to discuss this response further, please contact Giles Whitehouse at [giles.whitehouse@auroraenergy.com.au](mailto:giles.whitehouse@auroraenergy.com.au)

Yours sincerely

A handwritten signature in black ink, appearing to read "Nigel Clark".

Nigel Clark  
Chief Executive Officer

## **Response to Draft Report Recommendations**

### **Recommendation 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**

The intent of this recommendation reflects the current Tasmanian market structure. Tasmania's tight regulated pricing framework has resulted in much fewer market products being available than other Australian jurisdictions. The vast majority of Tasmanian customers remain on standing offer tariffs. Noting this context, however, Aurora Energy does not support the implementation of this recommendation in Tasmania.

Aurora Energy considers that a framework that rewards customers for remaining inactive in the market may distort competitive behaviour and discourage retailers from innovating or offering differentiated products. Such an approach may be appropriate only in jurisdictions where retailers have genuine pricing headroom to structure competitive offers. This is not the case in Tasmania, where the regulated pricing framework does not include an explicit Cost Allowance for Retail Competition (CARC) component and therefore provides limited margin for retailers to absorb additional costs or discount meaningfully.

Further in a competitive energy retail market such as the NEM, the point at which a consumer enters a product/plan will occur at times of different underlying energy hedging costs. Hence, an assumption that all competition costs are equal is unrealistic and disconnected to market principles and business logic when competing. This logic is reflected in other industries that experiences active competition such as telephony and insurance.

### **Recommendation 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**

Aurora Energy strongly opposes the introduction of the proposed auction based competitive franchise model in Tasmania. Given Tasmania's unique regulatory framework and customer behaviour, Aurora Energy considers it to be completely unsuitable to the Tasmanian environment. As such, any NEM roll-out of the model should exclude Tasmania from its implementation, based on the factors outlined below.

#### ***1. Tasmania's Unique Regulatory Environment***

Tasmania operates under a regulated pricing framework overseen by the Tasmanian Economic Regulator. As noted in the Regulator's 2025 Standing Offer Price Comparison Report, Tasmanian customers currently pay the lowest regulated electricity prices in Australia. This outcome reflects the effectiveness of the existing arrangements and the role of Aurora Energy as the government owned standing offer retailer.

Given Tasmanian regulated prices are already low, there is limited scope for retailers to offer materially cheaper market contracts. Consequently, the vast majority of small customers remain on Aurora Energy's standing offer tariffs, and only a small proportion of customers take up market contracts. This is not indicative of market failure; it is a direct consequence of Tasmania's efficient, low cost, regulated pricing environment.

## *2. Significant Market Disruption*

The introduction of a competitive franchise model in Tasmania would have severe and lasting consequences for the stability of the electricity retail market. Whereas standing offer customers represent a very small percentage of mainland incumbent retailer customer bases (below 10 per cent in most cases), Aurora Energy holds over 90 per cent of the standing offer customer base. An auction and subsequent removal of all the standing offer customer base from Aurora Energy would destroy Aurora Energy's viability and create a retailer failure event.

Additionally, pricing rules in Tasmania require retailers that obtain over 50,000 customers to become a regulated offer retailer. This would then place the new owner of the transferred customers under pricing regulation and equate to a likely no-change price outcome for customers from their circumstances under Aurora Energy.

## *3. Customer Confusion and Loss of Trust*

Whilst the Tasmanian market is open to competition, due to the regulated pricing framework, the vast majority of customers remain with Aurora Energy. As such, a move to force customers to an unfamiliar retailer, of which they did not choose, would create extreme levels of confusion.

There is a risk in the low price, efficient market of Tasmania, that customers may assume that any communication advising them of a transfer is fraudulent and not fully comprehend that they have been moved at all, leading complaints and widespread distrust.

This also clashes with the concept of obtaining a customer's explicit informed consent, which has been a key concept for the AEMC as part of the Accelerating Smart Meter Roll-out rule change.

## *4. Impact on Customer Loyalty and Public Ownership*

Aurora Energy enjoys a high level of customer loyalty. As a government owned entity, its profits are returned to the Tasmanian Government and ultimately benefit the Tasmanian community. Many customers view themselves, in effect, as shareholders in the business.

Forcing customers away from Aurora Energy to a private retailer, selected through an auction process they did not choose to participate in, would generate significant dissatisfaction, distrust, and backlash. It would undermine confidence not only in the retail market but in the broader energy transition.

Further, there is no other comparative example where customers have been forcibly removed from a commercial entity to another with no recompense. This action is entirely anti-competitive and absent of underpinning evidence for success. Aurora Energy strongly highlights the non-commerciality of such an action that would result in an unplanned and uncontrolled loss of customer value.

**Recommendation 3: Periodically review whether regulations are supporting good consumer outcomes in an evolving market.**

Aurora Energy supports this recommendation, noting it is good regulatory practice.

**Recommendation 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.**

Whilst acknowledging the benefits of Energy Made Easy, Aurora Energy believes expanding its offering to account for future services/products is a space better for retailers to operate in as a competitive advantage. Aurora Energy has recently tried to address this gap in the Tasmanian market, with the provision of a free content hub on its website that provides helpful information and articles on energy education and literacy. Designed to help Tasmanians understand how to benefit the most out of their energy and answer any questions they may have on CER related items like solar and batteries and the broader energy transition.

Aurora Energy considers a principles-based approach to achieving this goal is better than expanding Energy Made Easy with retailers that are proactive and at the forefront of CER demonstrating their value to customers through innovative and targeted new technology offerings.

**Recommendation 5: Amend the rules to focus network tariff design on efficiency, supporting a lowest-cost grid and a fairer sharing of costs among consumers.**

This recommendation has the potential to deliver positive outcomes, however, contains risk in a Tasmanian context. While enabling networks to adjust tariff structures more rapidly in response to emerging network signals is sound in principle, its application in Tasmania may be particularly challenging.

Historically, network tariff development in Tasmania has not closely aligned with retail price outcomes. Given the tight regulatory approach to the Tasmanian market, there are significant challenges for Aurora Energy in reflecting the true cost of electricity in its retail tariffs. At a state-based level Tasmania is wholly price regulated with these rules periodically conflicting with national based rules. This creates a circumstance where pricing rules are influenced by local factors as opposed to NEM development objectives. These factors includes State Government price capping, a persistent use of uniform price increases and a reluctance of broader stakeholders to embrace tariff reform. When local factors are strongly activated, national approaches to tariff efficiency cannot be fully realised in local regulatory pricing frameworks with distribution pricing moving in one direction and retail pricing strategies generally blocked from keeping pace with the movements in network tariffs.

Aurora Energy has begun to take steps to more closely align its retail tariffs to underlying costs, however tariffs are still highly inefficient and the goal of reaching cost reflectivity will take years to achieve.

**Recommendation 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**

Aurora Energy supports the intent of this recommendation and welcomes the recognition of the important role retailers should play in network planning processes. Greater retailer involvement has the potential to improve the design and implementation of network tariffs, ensuring they are more practical, more reflective of customer behaviour and more likely to be incorporated into retail pricing structures.

However, Aurora Energy remains concerned that aspects of the Draft Report suggest retailers may “pass on risk to customers.” This characterisation does not reflect the reality of the Tasmanian market where Aurora Energy currently absorbs significant risk arising from tariff misalignment, given the historical constraints of the regulated pricing framework.

Aurora Energy, as the only regulated retailer in Tasmania cannot simply pass through costs or risks as the financial impact of these changes must be managed within a tightly regulated environment.

While contributing more closely to the design of network tariffs is welcomed, it is essential that the AEMC recognises the existing risk burden absorbed by retailers in Tasmania. Any reforms should ensure that retailers are not further exposed to volatility created by network tariff structures that they have limited ability to influence or reflect in regulated retail prices.

Overall, Aurora Energy supports the direction of this recommendation, provided it is implemented in a way that acknowledges the unique characteristics of the Tasmanian market and the existing constraints on retail pricing.

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