Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

13 February 2026

Dear Commissioners,

The Pricing Review – Electricity pricing for a consumer-driven future - draft report

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Australian Energy Market Commission's (AEMC) Electricity pricing for a consumer-driven future – draft report.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE recognises that the AEMC has undertaken an ambitious review into the future of the retail electricity market and acknowledges the thought and work put into this review, as well as ongoing engagement with stakeholders. ENGIE understands that through this draft report, and indeed the Pricing Review as a whole, the AEMC has sought to articulate its vision for the future energy market.

This vision, as outlined in the report, is for a "*dynamic energy service 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*."

On balance, ENGIE understands and is supportive of this vision in a broad sense and has remained constructive around the underlying intent of the Pricing Review as a whole. While ENGIE still believes there is value in much of what of has been proposed, such as a redesigning network tariff arrangements, several of the recommendations in the draft report do not appear to align with the stated vision. Indeed, several of the recommendations will likely have impacts that run counter to how the AEMC views the future of the energy market.

ENGIE believes that the vision of the future energy market requires the preservation of the principles of healthy competition and economic efficiency that the market was founded on. The future energy market should retain customer choice at its centre and provide appropriate and targeted consumer protections around proven market inefficiencies. It should likewise provide a role for retailers to support their customers through the energy transition, with sufficient regulatory flexibility provided to innovate for the customers who want to engage, and the means to create simple solutions for those who don't.

In this context, ENGIE's high-level feedback on each of the six recommendations in the draft report are:

1. **Requirement to charge all customers on the same plan the same price:** ENGIE does not support the progression of this recommendation. This reform is not likely to improve product differentiation and may lead to worse outcomes for the customers it is designed to protect, as well as creating unintended consequences for the broader market. ENGIE supports the Commission considering alternative targeted reforms that will be more effective at improving outcomes for vulnerable customers that may be unable, or unwilling, to engage in the energy retail market.

2. **Introduction of a competitive franchise for standing offer customers:** While ENGIE supports consideration of long-term replacements for the Default Market Offer, this proposed option raises more questions than answers and will likely result in poor outcomes for customers. ENGIE opposes progression of this option and suggests an alternative approach to setting the regulated standing offer price based on prices in the market.

3. **Periodic review of regulations:** ENGIE supports a three-yearly review led by the AEMC noting that retailers have long sought post-implementation reviews of regulatory reforms. ENGIE does however stress that retailers should be central to this review process and that the AEMC should outline a clear criteria around how it can minimise inefficient regulatory burden through identifying and removing obsolete regulations.

4. **Energy Made Easy upgrade:** ENGIE supports additional funds being provided to the AER to upgrade Energy Made Easy to be more reflective of CER-related services. Here, ENGIE believes there should be consideration around leveraging Consumer Data Right data and greater promotion of the comparison tool to encourage consumer uptake.

5. **Amend the rules to focus tariff design on efficiency:** While ENGIE supports the intent behind this recommendation, there needs to be careful consideration around the network regulatory framework and incentives to ensure that network tariffs are cost-reflective, promote efficient utilisation of network infrastructure, and reward consumers that contribute to avoided long-term network augmentations.

6. **Ensure that networks design tariffs for energy service providers:** ENGIE supports this recommendation as it acknowledges that retailers are the primary customer-facing entity and are best placed to develop and supply tariff structures that meet the needs of customers. ENGIE recommends that network tariffs are set in a standardised and consolidated manner across all distribution networks with a common approach co-design process with energy retailers.

Given there are substantial concerns around several of these recommendations and further development required for others, ENGIE believes it would be valuable for the AEMC to further refine the recommendations through additional consultation prior to a final report. Importantly, the next iteration of recommendations should set out a harmonised set of proposed reforms with a clear link to the overarching vision of the future energy market. ENGIE also considers it would be valuable for the AEMC to consult on a delivery plan for any recommended reforms and the proposed transition to the arrangements for the future energy market design.

ENGIE addresses each of the recommendations in detail in the appendix provided.

Should you have any queries in relation to this submission please do not hesitate to contact us on, telephone, 0436 929 403.

Yours sincerely,

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Appendix – ENGIE feedback on Draft Report recommendations

Recommendation 1: Require energy service providers to charge all customers on the same plan the same price, to address the 'loyal tax' on customers who don't switch and ensure every customer is always on the best plan

The draft report appears to outline two separate issues that the AEMC is trying to solve for:

1. A concern around customers paying higher prices on older plans, referred to as the 'loyalty tax'.
2. A perceived lack of innovative or meaningfully different offers owing to competition being misplaced around price.

While ENGIE recognises the AEMC's intent here, ENGIE does not believe the recommendation to charge all customers on the same plan the same price will have the desired effect. Indeed, such a broad-based intervention of this nature will likely have far-reaching negative implications for market dynamics, competition, and long-term consumer outcomes. It is also unlikely to bring about meaningful product differentiation.

International examples of this type of regulation have mixed results

ENGIE's submission to the recent review of the Prohibiting Energy Market Misconduct Act (PEMM Act) outlined that there is a body of literature suggesting that regulation intended to ban the 'loyalty penalty' reduces competition and affects the ability of firms to provide lower prices or innovate for efficiency.[1] One article notes that while such regulation is well-meaning and designed to protect customers, the "overall effect could paradoxically make all customers worse off by leading to higher average prices across the board."[2] There is additional literature that suggests such measures can entrench incumbent advantage in uneven markets, which could have an impact on new entrants and smaller less established retailers.[3] While not a perfect comparison, with several additional variables to consider including the 2022 energy crisis, the state of the UK energy market is instructive in this regard. Indeed, the draft report raises the example of Ofgem's Ban on Acquisition Tariffs (BAT), which, along with the price cap has contributed to reduced switching activity, retailer exits and a limiting of the competitive price discovery process according to some stakeholders.[4] Consistent with this, a recent report by the UKs Department for Energy Security and Net Zero

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[1] ENGIE 2026, Submission to 'Strengthening the Prohibiting Energy Market Misconduct provisions in the Competition and Consumer Act 2010 – Consultation paper' 30 January, pp.2-5.

[2] Zhukov 2025, 'Essays on the loyalty Penalty: Impacts on consumers and policy responses', May, p.140.

[3] Yang et.al 2024, 'Fairness regulation of prices in competitive markets', p.1906.

[4] Littlechild 2024, 'Future of domestic price protection', 10 May, pp.5-7.

noted that market concentration has increased across all energy sectors in 2024, including the retail energy market.[5]

The AEMC has noted that their recommendations are closer to regulation introduced by the Financial Conduct Authority (FCA) for the UK insurance market. In instituting a ban on "price-walking" the FCA likewise sought greater innovation and product quality in the market. However, a 2025 evaluation paper noted that results were 'mixed' on this front, with firms moving towards brand cycling and tiered pricing as alternatives to differential pricing.[6]

Reforms already targeting the 'loyalty penalty will be undermined

ENGIE is concerned that the proposed recommendation would undermine the value of earlier regulatory reforms, including those still being implemented, by treating them as sunk costs despite indications they are starting to deliver improved outcomes in the Australian retail energy market. In the most recent Inquiry into the National Electricity Market Report, the ACCC highlighted that 41.8 per cent of customers are on newer plans (up from 29 per cent in 2024) and a higher proportion of customers have switched to their retailers' best offer (26.7 per cent of residential customers, up from 19.3 per cent in 2024).[7] The ACCC noted that a contributing factor of this improved engagement with the market was the 'increased maturity of the Better Bills Guideline' and related better offer message.[8]

Additionally, the recently consulted on Energy Consumer Reforms currently set to be implemented this year have a raft of changes that rely on a retailer's ability to provide a price-based better offer. Most relevantly, the Assisting Hardship Customers rule change seeks to ensure that customers in hardship 'are not financially worse off if they do not take up their retailers deemed better offer' with a requirement on retailers to provide a financial benefit to that effect.[9] Likewise, there will be measures in this reform package to increase the visibility of this better offer, such as its inclusion on communications relating to the bill.[10] The AER is still considering the ultimate form of this requirement in their retail guidelines review.[11]

The full benefit of these reforms to customers, particularly those in vulnerable circumstances, has yet to be realised. The implementation of recommendation 1 would result in there no longer being a meaningful price-based "better offer" against which these protections and communication requirements could operate. While this recommendation may provide greater price certainty for existing customers, it will likely

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5 Department for Energy Security & Net Zero 2025, 'Competition in UK electricity markets, 2024', p.4.

6 Financial Conduct Authority 2025, 'An evaluation of our General Insurance Pricing Practices (GIPP) remedies', p.41.

7 ACCC 2025, 'Inquiry into the National Electricity Market', 18 December, p.2.

8 ACCC 2025, 'Inquiry into the National Electricity Market', 18 December, p.6.

9 AEMC 2025, 'Assisting Hardship Customer – Rule Determination', 19 June, p.12.

10 AEMC 2025, 'Improving the ability to switch to a better offer – Final Determination', 11 September.

11 AER 2025, 'Retail guidelines review – consultation paper', 12 November, pp.12-15

reduce the incremental benefits that vulnerable customers can receive through switching to a better offer or the financial benefits received through the Assisting Hardship Customers rule change.

More targeted reforms might have better outcomes

Aside from the reforms underway, which the ACCC has already noted will "limit the loyalty penalty", ENGIE believes the AEMC should consider more targeted measures that would work within the competitive framework for those who are unable or unwilling to engage in the energy retail market.[12] One possible example is the idea of a "social retailer". In New Zealand, a non-profit retailer known as Nau Mai Rā performs such a function within the competitive framework to deliver better outcomes for particularly vulnerable customers.[13] In particular, Nau Mai Rā focuses on those customers facing financial hardship and provides tailored and specific support in conjunction with charities and other local support services to help customers out of their circumstances. ENGIE contends that this review provides an opportunity for the AEMC to consider fundamental changes to the frameworks for supporting vulnerable consumers that can be implemented over the medium to long-term horizon.

There are better ways to encourage innovation in the retail energy market

ENGIE does not believe that greater innovation and product differentiation will be achieved through additional regulation. Indeed, it is the volume of regulatory changes that has come about in recent years that is specifically acting against retailers' ability to develop and launch innovative products. Particularly among smaller retailers, innovation is risky when there are limited resources and capital. Despite this, retailers have already been delivering a significant innovation despite the relative size of the Australian retail energy market and the significant barriers.[14] Indeed, ENGIE's international counterparts have often expressed that Australia is often at the forefront of new ideas in retail energy offerings. For example, ENGIE's French retail business launched an offer with two free hours of electricity consumption per day following the trial of a similar offer by ENGIE in Australia.[15]

In ENGIE's view, if the AEMC wants to encourage greater innovation and product differentiation, this is achieved through incentives and regulatory flexibility rather than through greater regulatory barriers. The Cheaper Home Batteries Program, for instance, has encouraged retailers to have greater consideration for battery specific VPP plans due to the rapid uptake of storage technology. Additionally, ENGIE believes that a move to principles-based regulation and the removal of prescriptive regulatory settings will give greater latitude for retailers to experiment with new offers. The Better Energy Customer Experiences (BECE) consultation process and proposed AEMC periodic reviews could help deliver these outcomes.

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[12] ACCC 2025, 'Inquiry into the National Electricity Market', 18 December, p.45.

[13] See: https://www.naumaira.nz

[14] Australian Energy Council 2024, 'Getting innovation into the system: A retail perspective' 5 December.

[15] ENGIE 2025, ENGIE révolutionne la consommation responsable en offrant 2 heures d'électricité verte gratuites l'après-midi, see; https://particuliers.engie.fr/pourquoi-choisir-engie/conseils-marque/conseils-espace-presse/ENGIE-happy-heures-vertes.html

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

ENGIE appreciates that the AEMC is considering measures that could 'replace, over time, the existing pricing safety nets' such as the Default Market Offer (DMO) and Victorian Default Offer (VDO).[16] However, ENGIE has serious concerns around the practicality of the proposal to introduce a competitive franchise for standing offer customers.

The current political environment complicates consideration of competitive franchise as a DMO replacement

At present, there is considerable political focus on electricity prices and the role of these regulated standing offers. As the paper outlines, the DMO has undergone significant recent changes in response to prevailing market conditions. The process behind the recent DMO review, which shifted the focus to 'efficient costs to supply' and introduced the Solar Sharer Offer (SSO) reflects the extent to which this instrument has become a focal point for addressing short-term price pressures, rather than a reference price and reasonable price safety net for customers within a competitive market.[17]

The persistent structural factors that have increased the underlying costs of electricity will continue to be the reality for some time, particularly as network costs are expected to rise over the next decade and high volatility in wholesale prices continues as new generation replaces baseload generation. In this context, it is difficult to contemplate that this political attention to the DMO and VDO will shift, at least in the short to medium term. ENGIE does, however, note that the AEMC has outlined that this recommendation might be intended as a longer-term consideration for the retail market.

There is too much uncertainty around how this recommendation will work and impact the customer experience

It is difficult to envision this proposed competitive franchise functioning as described. There are several open questions around how such a framework would be established, who would administer it, and how it would operate alongside existing retail market rules and obligations. Indeed, the paper acknowledges that 'proposal also entails significant transitional and administrative costs.' There is also significant uncertainty regarding how retailers would be expected to manage wholesale risk and hedging arrangements for customers acquired through a franchise process, and whether retailers would be willing to participate under these conditions at all. These factors, as also acknowledged in the paper, could result in poorer outcomes for customers.

From a customer experience perspective, ENGIE also notes several material concerns. The AEMC should recognise that energy customers are not usually static, they can routinely move in and out of standing

[16] AEMC 2025, 'Pricing Review – Draft Report', 11 December, p.31.

[17] DCCEEW 2025, '2025 reforms to the Default Market Offer – Review Outcomes,' p.8.

offers for a range of reasons. A model that involves customers being periodically allocated between retailers raises issues around data sharing, consent, and the handling of sensitive personal and banking information. Furthermore, customers moving between retailers may experience disruption in access in hardship arrangements as discussed with and agreed to with a previous retailer or family and domestic violence protections. In addition, disengaged customers who have been switched by this process may have confusion as to who their retailer actually is, or why they are getting a bill from someone new. Finally, there is also a risk that some consumers could be allocated to retailers they actively seek to avoid, undermining trust and engagement.

The AEMC could consider a "market average price" as a DMO alternative

ENGIE considers that if the AEMC is looking at long-term alternatives to the DMO, there could be consideration for a measure based on market pricing at a point-in-time, such as a simple or weighted average of prices available across the market. In effect, this methodology could help ensure that standing offer customers can benefit from a genuinely market-based benchmark insulated from the political pressures associated with governments being directly involved in 'setting' a price.

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

ENGIE supports the AEMC periodically assessing the impact of regulatory interventions on competition and consumer outcomes. In recent years, several reforms have been implemented at a rapid and sustained pace, including the Better Bills Guideline, Accelerated Smart Meter Rollout and the recent Energy Consumer Reforms. However, there has yet to be a systematic whole of market review of these changes to assess their impact on consumer outcomes and the competitive dynamics of the retail market. ENGIE, along with other retailers, has long called for post-implementation reviews of regulatory reforms to determine if they are achieving their desired benefits relative to the costs of implementing them. A proposed three-yearly AEMC review could meet this need.

ENGIE stresses that retailers should be actively able to participate in this review process. Retailers are well placed to identify unintended consequences, implementation challenges and areas where regulatory objectives may be achieved more efficiently or with fewer distortions to competition. For instance, retailers could provide information around implementation costs, customer experience and examples of specific regulations that may no longer be necessary to inform evidence-based modifications to the rules-based framework.

Additionally, ENGIE wants to ensure that the AEMC outline a clear criterion for what they consider "good outcomes" to look like and that there is greater clarity around how it can identify and remove obsolete regulations.

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.

ENGIE supports an upgrade to the AER's Energy Made Easy comparator tool and believes that it is important that customers have the right information to help them compare plans. In a competitive retail energy market, accessible education and comparison tools play an important role in building consumer trust, encouraging engagement, and enabling informed decision-making. ENGIE agrees that as energy products continue to evolve with products that reflect the increasing uptake of CER, that the Energy Made Easy platform needs to likewise evolve so that consumers can continue to meaningfully compare offers.

There are a few ways that ENGIE suggests that this could be achieved. For instance, Energy Made Easy could be redesigned to fully leverage Consumer Data Right data to effectively compare complex offers. Here, the site could access previous usage data and apply it to alternate offers and then compare it to customers actual payments in the past to show how much they could have saved if they had been on that offer. Additionally, functionality could be added to forecast costs based on the addition of CER, whether it be adding a solar system, battery, EV or any combination of the three.

In ENGIE's experience, it is currently difficult to represent particularly innovative or highly differentiated offers within the existing Energy Made Easy website. ENGIE will continue to engage with the AER on these issues as part of the ongoing retail guidelines review consultation and would welcome further dialogue to ensure that the site's design and data fields can accommodate new products while preserving clarity and usability for customers.

Finally, ENGIE also considers that improvements to the site's functionality should be complemented by greater promotion and visibility of the tool. The AER might wish to consider whether additional or targeted promotion of Energy Made Easy could help increase greater consumer awareness and utilisation of the site.

Draft 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.

ENGIE supports the intent of the AEMC's recommendation to allow distribution network service providers (DNSPs) to design tariffs that provide signals related to the need for infrastructure investment (long-run marginal cost) and shorter-term management of network congestion.

To-date, network tariffs have been primarily designed as a means for distribution networks to recover their revenue allowances for a five-year period, based on their historical investments and forecast operating costs. Network tariffs have also included a design element that seeks to send long-term cost signals to consumers to encourage the efficient use of the network and minimise the need for future augmentations of network infrastructure.

However, as ENGIE has previously noted in submissions to this review, network tariffs are currently a blunt instrument that are set uniformly across the whole network region for all customers in a tariff class, which does not reflect that peak utilisation rates and costs differ across locations.[18] ENGIE also acknowledges the AEMC's concern that the current focus on volumetric tariffs to support DNSP cost recovery may result in an increasingly unequitable distribution of network costs as more consumers adopt CER.

ENGIE reiterates its previous feedback on a preferred network tariff design that prioritises simplicity while retaining incentives for consumers to shift their consumption and export to periods with higher network and market value.[19] ENGIE's view is that the future design of network tariffs should include:

- A simple tariff structure, potentially with a fixed and volumetric component, that provides the basis for retailers to develop their own suite of retail tariff offerings designed for their diverse customer base; and

- Dynamic financial incentives that are separate to the primary tariff structure, which may provide value to consumers that are directly proportional to their contribution to avoided long-term network investments and maintenance costs.

ENGIE considers this design that recognises the benefits that CER provides to DNSPs and the market would address recently publicised concerns with the recommendation to transition to network tariffs that are predominantly fixed.[20]

ENGIE notes that a substantial reform to network tariff structure requirements necessitates a holistic view on distribution network regulation and the incentives on DNSPs to efficiently utilise network infrastructure and minimise costly network augmentations. The AEMC's upcoming Electricity Network Regulation Review may enable the AEMC to develop a harmonised package of distribution network regulatory reforms that are fit-for-purpose for the AEMC's vision of the future energy market and align with the recommendations arising from this review.

Draft 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

ENGIE supports this recommendation which would serve to make retailers central to the network tariff design.

In previous submissions to this Pricing Review process, ENGIE has outlined that tariff structures are most effective when they send clear pricing signals to the participants that are able to manage and respond to them. As energy retailers are the primary customer-facing entity, they are best placed to develop and supply tariff structures to meet the needs and expectations of customers. At present, retailers are constrained in their ability to design tariff structures for their customers, owing to complicated network tariff structures and the significance of network costs that retailers are unable to hedge against. As a result,

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18 ENGIE 2025, Submission to The pricing review – Discussion paper, 10 July, p. 5.

19 Ibid, p. 6.

20 For example, Palmer, C 2026, Rule maker defends pricing review amid fixed charges backlash, The Energy, 13 February, https://theenergy.co/article/rule-maker-defends-pricing-review-amid-fixed-charges-backlash

retailers either must pass through a tariff that is unpopular or unvalued from a customer perspective or bear the risks of a mismatch between the network and retail tariff. Neither scenario is ideal.

In terms of making the process behind this recommendation, ENGIE outlines the following considerations for the AEMC:

- Network tariffs should be set in a largely standardised manner across all distribution networks, with a core focus on simplicity. As noted in the paper, this would support retailers to package tariffs into their retail tariff offerings. ENGIE considers that participating in 13 different processes is a significant time commitment and is increasingly difficult, particularly for smaller retailers.
- There needs to be a common approach co-design process with energy retailers.
- ENGIE anticipates that this process should also serve to “clean up” legacy tariffs so it simplifies the historic complexity rather than just reducing complexity going forward.

Additionally, ENGIE considers that there will be a continued role for cost-reflective signals that manage peak utilisation and minimise the need for inefficient network augmentations. The form and value of these signals, however, may differ between distribution networks due to the varying utilisation rates and locational costs in different parts of their networks.

Transitional measures/Implementation Schedule

ENGIE appreciates that the AEMC has recognised the need to carefully manage the pace of change in its proposed recommendations. ENGIE agrees that transitional mechanisms would be important to help both retailers to cost-effectively manage the inherent risks around tariff reform and provide the least cost and most benefit to customers. At a high level, there is merit behind some of what the AEMC proposed here, such as the choice model and inclusion of a simple basic tariff, however ENGIE considers there is a need to ensure the main recommendations are appropriately developed first.

In terms of implementation schedule, the AEMC has additional questions around the different processes that could be taken, including floating the idea of ‘an accelerated implementation approach.’ ENGIE is cautious about adopting any expedited process, as that would likely introduce additional avoidable issues and impose an additional burden on retailers. It would be more appropriate to prioritise getting the reforms right rather than advance them prematurely.

ENGIE recommends that additional consultation is required on the implementation schedule prior to a final report. ENGIE’s view is that the next round of consultation should set out a clear delivery plan for the recommended reforms and the proposed transition period for each of these reforms over the short, medium and long-term.