



13 February 2026

Ms Anna Collyer
Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Lodged electronically: <https://www.aemc.gov.au/contact-us/lodge-submission>

Dear Ms Collyer,

RE: AEMC PRICING REVIEW – DRAFT REPORT

Origin Energy (Origin) appreciates the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) Electricity pricing for a consumer-driven future – draft report (EPR0097).

Origin supports the AEMC's objective of improving consumer outcomes and supporting the energy transition. We are not convinced, however, that recommendations 1 and 2 will on balance assist in the meeting of this objective. These proposals risk weakening competition, increasing average prices and delivering limited additional benefits beyond those already expected from recent and forthcoming reforms.

Differentiated pricing is a normal and efficient feature of a workably competitive retail market, reflecting differences in customer engagement, acquisition and retention costs, churn risk and exposure to wholesale price volatility. These price differences do not, of themselves, indicate market failure. Recommendation 1, which would require all customers on the same plan to pay the same price, would materially constrain pricing flexibility and is likely to result in flatter, more conservative whole-of-book pricing. This would tend to increase prices for engaged customers, deliver only marginal reductions for disengaged customers, and reduce retailers' ability to provide targeted or discretionary pricing support, including for customers experiencing financial hardship.

A comprehensive package of consumer-related reforms is already in place or due to commence from 1 July 2026 that directly addresses harmful cross-subsidies. These include limits on the frequency of market-offer price increases, automatic DMO price caps at the end of benefit periods and strengthened protections requiring customers in hardship to pay no more than their retailer's best offer. These measures alongside the changes to the DMO materially reduce the risk of disengaged or vulnerable customers being overcharged.

The DMO already provides a transparent, regulator-determined safety net that reflects efficient costs. It is not evident that an auction-based standing offer model as proposed under Recommendation 2 would deliver superior outcomes once design, governance, administrative and transition costs are considered. Experience in Great Britain suggests that where an effective default price mechanism exists, more complex auction models are not necessary and can introduce additional risks, including reduced innovation, weaker competition and increased operational complexity.¹

Taken together, an efficient DMO, strengthened hardship protections, enhanced switching prompts and limits on price increases provide a reasonable framework to enhance customer welfare without undermining competition, which remains in the best interest of energy consumers. Introducing structural pricing interventions before these reforms are fully implemented risks unnecessary complexity and unintended consequences. By protecting customers who cannot or choose not to engage while preserving incentives to compete for engaged customers, this framework supports sharper pricing,

¹ Ofgem, Insights from Ofgem's consumer engagement trials, September 2019, p.9. and Competition and Markets Authority (CMA), Energy market investigation, Notice of possible remedies, 7 July 2015.
Origin Energy Limited ABN 30 000 051 696 • Level 32, Tower 1, 100 Barangaroo Avenue, Barangaroo NSW 2000
GPO Box 5376, Barangaroo NSW 2000 • Telephone (02) 8345 5000 • Facsimile (02) 9252 9244 • www.originenergy.com.au

innovation and service differentiation. By contrast, uniform pricing mandates or auction-based allocation mechanisms would blunt competitive signals and are likely to increase average prices over time.

More broadly, the AEMC's review was initiated to examine how electricity pricing can support the uptake of consumer energy resources and the energy transition. Issues relating to cross-subsidies and standing-offer pricing mechanisms were not raised in earlier consultation stages and have emerged only in the Draft Report. Stakeholder engagement on these issues has therefore been limited, and the recommendations remain conceptual, with insufficient detail to assess their practical operation, interactions with other reforms, customer impacts and implementation risks. Further consultation, detailed design, rule changes and robust impact assessment would be required before such proposals could be progressed.

Origin is broadly supportive of the remaining recommendations but notes that issues such as network tariff design and the interaction between network and retail tariffs are still at a developmental stage. These matters are more appropriately addressed through the AEMC's broader Electricity Network Regulation Review, where they can be considered holistically and in coordination with retail pricing frameworks.

We acknowledge the significant work undertaken by the AEMC and look forward to continued engagement.

Our response to stakeholder questions is provided at Attachment A.

If you have any questions regarding this submission, please contact Gary Davies in the first instance at gary.davies@originenergy.com.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Steve Reid', with a stylized flourish at the end.

Steve Reid
General Manager, Regulatory Policy

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?

Origin does not consider that the AEMC's proposal to require retailers to charge all customers on the same plan the same price would deliver better outcomes for market customers or hardship customers. In our view, the proposal risks weakening competition, increasing average prices and dampening innovation, without guaranteeing improved outcomes for customers on market offers. It is likely to result in the replacement of sharper acquisition and retention discounts with flatter, more conservative whole-of-book pricing. This would tend to raise prices for engaged customers, deliver only marginal price reductions for disengaged customers, and reduce the scope for targeted or discretionary pricing support for hardship customers.

The safety net of the DMO combined with the consumer-related rule change package commencing on 1 July 2026, is expected to materially reduce cross-subsidies. These reforms should be allowed to take effect and be assessed on an evidence-based basis before introducing an additional layer of intervention that may prove unnecessary or counterproductive.

As the AEMC itself notes, cross-subsidies do not necessarily arise from consumer vulnerability. They are a natural feature of a workably competitive retail market, reflecting differences in customer engagement, acquisition and retention costs, churn risk and exposure to wholesale price volatility. Uneven outcomes are not, of themselves, evidence of market failure, nor do they imply that all consumers should always face the same price.² Indeed, the AEMC's own findings of low retail margins and ongoing product innovation, such as VPP offers, indicate that competition continues to exert downward pressure on costs and promote innovation.³ While cross-subsidies can become problematic if they dominate competitive strategies, addressing them requires care to avoid undermining the competitive processes that deliver sustainable benefits to consumers over time.

These issues are discussed in more detail below.

Existing and forthcoming reforms already address cross-subsidies

Recent evidence indicates that stronger and more frequent switching prompts are already improving customer engagement and reducing cross-subsidies. ACCC data shows that the proportion of customers on their retailer's best offer has increased materially, from 19 per cent to 27 per cent year-on-year, while the share of customers on newer plans has risen from 29 per cent to 42 per cent. The ACCC noted that these trends are likely driven, at least in part, by improved switching behaviour encouraged by enhanced "better offer" messaging requirements.⁴

The ACCC has also observed an increase in customers shopping between offers, supported by clearer prompts and broader awareness initiatives. While some barriers remain, including plan complexity and naming practices, the increased rate of customer engagement demonstrates that timely, prominent and actionable information can materially influence behaviour.⁵

Upcoming consumer reforms due to commence from mid-2026 are expected to further enhance consumer engagement, particularly for disengaged customers. These reforms include:

Restrictions on market offer price increases to once per year

This reform limits retailers' ability to increase prices on market offers to no more than once in a 12-month period which will improve predictability and transparency for customers. By anchoring price changes to a

² AEMC, The pricing review - Electricity pricing for a consumer-driven future, Draft Report, 11 December 2025, p. 59.

³ Ibid.

⁴ ACCC, Inquiry into the National Electricity Market - December 2025 Report, 18 December 2025, p.20.

⁵ [ACCC urges households to change electricity plans to help offset price increases | ACCC](#)

regular annual cycle (typically aligned with network and wholesale cost updates), it reduces the scope for incremental or unclear price increases over time and makes it easier for customers to understand when and why prices change. It also facilitates clearer comparison between offers and supports more informed engagement and switching decisions.

Prices capped at the DMO when a benefit period expires

When a conditional discount or benefit expires, retailers must ensure the customer's price does not exceed the applicable standing offer (DMO). This protection applies automatically and does not require customer action.

This reform directly addresses cross-subsidies, whereby customers who remained on a plan after a discount expired could be rolled onto significantly higher prices that bore little relationship to prevailing market or regulated benchmarks.

Stronger protections for hardship customers.

This reform significantly strengthens pricing protections for customers experiencing financial hardship by requiring retailers to ensure hardship customers pay no more than the deemed best offer available to them. These changes ensure that hardship customers are not left on poor-value plans simply because they are unable to actively engage in the market. To support this obligation, retailers must update their Hardship Policies to ensure customers are assessed against the deemed best offer at the time they enter a hardship program and at least every 100 days thereafter. This introduces an ongoing obligation to reassess pricing outcomes, rather than a one-off intervention at program entry.

Taken together, we consider that well-designed information, engagement and consumer protection measures can materially reduce cross-subsidies without imposing universal pricing mandates. In Origin's view, allowing existing reforms to take effect and be evaluated on an evidence-based basis offers a more proportionate and sustainable path to improving consumer outcomes than Recommendation 1. This will also preserve pricing flexibility, competitive intensity and incentives for innovation while improving outcomes for customers most at risk of harm.

Impact on engaged customers

Origin is particularly concerned about the impact of the proposal on customers who actively engage with the market and currently benefit from competitive pricing outcomes. These customers play a critical role in driving competitive tension, placing downward pressure on prices.

By requiring uniform pricing across an entire customer base for a given plan, the proposal would dilute the rewards for engagement and switching. Engaged customers who are willing to compare offers and respond to price signals would be less likely to access lower prices, as retailers would be required to spread acquisition discounts across all customers.

Over time, this is likely to result in higher prices for engaged customers, as sharper acquisition discounts are replaced with flatter, more conservative pricing structures that reflect whole-of-book risk. Recent ACCC analysis indicates that approximately 63.5 percent of customers are on prices below the DMO/VDO, while many disengaged customers, (18.9 per cent) are on prices in line with the DMO/VDO which is considered an efficient price.⁶ While the 17.6 percent of customers paying above standing offer prices remains a concern, this continues to decline and is being addressed through the incoming AEMC reforms discussed earlier in this submission. Recommendation 1 is therefore likely to worsen outcomes on a net-customer basis which would be sub-optimal.

There is also a risk that reducing the payoff to engagement could lower overall consumer participation in the market. If customers perceive that switching or comparing offers no longer delivers meaningful savings, engagement may decline, further weakening competitive pressure and entrenching higher average prices.

Impact on hardship customers

⁶ ACCC, Inquiry into the National Electricity Market - December 2025 Report, 18 December 2025, Appendix C, Supplementary Table C2.5.

Origin supports the recent consumer reforms that seek to strengthen protections for hardship customers. However, we are concerned that Recommendation 1 would undermine the effectiveness of those protections in practice. The expected increase in average prices and reduction in discounts would be felt most acutely by hardship customers, who are particularly sensitive to even small price increases and bill volatility.

Customer disengagement

Origin considers that a more nuanced understanding of customer disengagement is also required before imposing broad structural interventions. In particular, the AEMC should examine which cohorts of customers choose not to engage with the retail market, and the reasons for that choice.

Customer disengagement is not uniform and does not necessarily reflect vulnerability or harm. Some customers make an informed decision to prioritise convenience, bill stability or familiarity over active price optimisation, while others may face genuine barriers to engagement, such as information overload, language barriers or digital access issues. Treating all disengaged customers as a single group, risks misdiagnosing the problem and applying blunt remedies that do not address underlying causes.

Understanding the drivers of disengagement across different customer cohorts is critical to designing proportionate and effective interventions. Targeted measures that address specific barriers to engagement are more likely to improve outcomes for customers impacted by cross-subsidies, while avoiding unnecessary impacts on customers who have consciously chosen lower engagement and on the competitive dynamics of the market as a whole.

Implementation issues

Operationally, it is unclear how the concept of a ‘meaningfully different’ retail offer is intended to operate in practice, including how it would be interpreted, assessed and enforced. There is insufficient clarity on what constitutes a material difference from a customer perspective, whether meaningful difference is limited to clearly distinguishable price outcomes (such as materially different tariff structures or bill impacts), or whether non-price features, services or contractual conditions would also qualify.

There is also a lack of clarity regarding thresholds for meaningful difference. It is unclear whether relatively small changes in tariff design, usage windows, discounts or ancillary features would be sufficient, or whether minimum thresholds would be required to prevent superficial or artificial differentiation.

Without clear, objective and testable criteria, a requirement that offers be “meaningfully different” risks creating regulatory uncertainty, increasing compliance costs and encouraging defensive product design. Greater clarity is therefore required on how this concept would operate in practice, including the relevant thresholds, assessment framework and interaction with innovative and dynamic pricing products, before it could be relied upon as a core feature of retail market reform.

It is unclear how retailers would be expected to determine the “lowest price” offer when comparing fundamentally different tariff structures, such as flat-rate and time-of-use tariffs, which depend on different usage assumptions. Any comparison would require assumptions about customer consumption patterns, load shapes and behavioural responses, which may vary significantly between customers and over time. Without clear, standardised methodologies for making these assumptions, retailers risk inconsistent or subjective assessments, creating compliance uncertainty and increasing the likelihood of disputes. This uncertainty also raises the risk that customers are presented with offers that are labelled as “lowest price” but do not in fact deliver the lowest bill outcomes for their actual usage.

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

- | |
|--|
| <ul style="list-style-type: none">• 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? |
|--|

Origin does not consider that Recommendation 2, as proposed, would necessarily deliver better long-term outcomes for standing-offer customers. In our view, introducing a competitive franchise or auction-based allocation model carries material risks to competition, market structure, customer trust and operational efficiency, and it is unclear that such a model would produce more efficient pricing outcomes than existing arrangements once implementation and administration costs are considered.

Role of the DMO as existing safety net

The current DMO framework already provides a transparent, regulator-determined benchmark that is explicitly designed to reflect the efficient costs of supply. The DMO acts as an important safety net for disengaged customers while preserving competition for customers who actively engage with the market.

Given the DMO's focus on efficiency, it is not evident that an auction process would produce better outcomes for standing-offer customers. Any potential efficiency gains from competitive bidding would need to be weighed against the costs of designing, running and overseeing auctions.

Lessons from Great Britain

Ofgem conducted a series of collective switching trials between 2018 and 2019, which demonstrated that auction-based mechanisms could increase engagement and switching among highly disengaged customers. However, Ofgem ultimately concluded that a permanent, regulator-run auction or collective switching mechanism was not required once the default tariff price cap was introduced in 2019.⁷ The price cap materially reduced the risk of severe overcharging for disengaged customers, diminishing the justification for ongoing, intensive regulatory intervention in the form of auctions. Instead, Ofgem shifted its focus to broad-based price protection and measures to make switching easier and more reliable, while preserving competitive dynamics for engaged customers.

Similarly, in the Australian context, the DMO already performs a price protection role analogous to the UK price cap. Against this backdrop, it is questionable whether introducing an auction-based franchise model to replace an existing efficient default pricing framework would deliver additional benefits commensurate with its added complexity and cost.

We note also that, as part of its investigation into the supply and acquisition of energy in Great Britain, the Competition and Markets Authority (CMA), previously expressed reservations about Ofgem running collective switching programs. The CMA were concerned that such an approach might:

- Weaken overall competition by potentially encouraging tacit coordination between suppliers on price offers.
- Reduce long-term customer incentives to engage with the market and compare deals independently if they relied on the regulator to find a deal for them.
- Cause operational disruption and a significant increase in erroneous transfers if large numbers of accounts were switched at a single point in time.
- Limit supplier innovation by specifying the type and quality of service offered in advance, making it harder for suppliers to test and refine different products.⁸

Loss of transparent pricing benchmarks

Recommendation 2 raises unresolved questions about how auction outcomes would be assessed and constrained. If the DMO is removed or materially altered, there would be no clear forward-looking benchmark against which to assess whether auction prices are efficient or reasonable.

⁷ Ofgem, Insights from Ofgem's consumer engagement trials, September 2019, p.9.

⁸ Competition and Markets Authority (CMA), Energy market investigation, Notice of possible remedies, 7 July 2015.

Relying on previous auction outcomes as benchmarks would be inherently backward-looking and risks embedding inefficient pricing outcomes over time. This would reduce transparency, increase regulatory discretion and make it more difficult to ensure that prices remain aligned with underlying efficient costs, particularly in periods of wholesale market volatility or policy change.

Design and governance issues

Before a competitive franchise model could be meaningfully assessed or implemented, substantial design and governance questions would need to be resolved. These include how eligible customers would be identified and transferred, how vulnerable customers would be protected, whether customers would be automatically allocated or required to consent, and how concessions, hardship arrangements and life-support registrations would be preserved during mass transfers.

Further clarity would also be required on auction administration, tariff structures, allocation of wholesale and credit risk, retailer participation requirements, safeguards against retailer failure, and the interaction with existing regulatory frameworks and market offers. Without clear answers to these issues, the proposal carries a high risk of unintended consequences and customer disruption.

Interaction with Recommendation 1

The interaction between Recommendations 1 and 2 introduces additional uncertainty. For example, if auction-determined tariffs are treated as market offers, retailers may be required to extend winning prices to broader customer bases. This would materially alter retailer incentives in the auction process. Retailers would be unlikely to bid aggressively for standing-offer customers if doing so required them to offer the same price across a much larger customer cohort. Retailers would face incentives to adopt more conservative whole-of-book pricing strategies to manage the risk of auction outcomes flowing through to market offers. In practice, this would push auction bids upward, reduce competitive tension and undermine the intended consumer benefits of both recommendations.

Alternatively, if auction prices are treated as a separate class of regulated or default product (standing offer contracts) exempt from Recommendation 1, this would require explicit regulatory carve-outs and reintroduce multiple pricing regimes within a retailer's portfolio.

Operational complexity and consumer cost impacts

Implementing a competitive franchise model would also involve significant operational complexity, including customer identification and pooling, auction governance, mass customer transfers, treatment of movers and retailer failure events, dispute resolution and ongoing compliance. These costs would ultimately be borne by consumers, either directly or through higher retail prices. There is a material risk that these costs outweigh any incremental benefits relative to the existing DMO framework and other consumer protections already in place or due to commence.

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?

Origin supports the AEMC periodically assessing the impact of regulations and interventions on competition in principle, recognising that the energy market is evolving rapidly due to technological change, increased uptake of consumer energy resources (CER), electrification, and shifting consumer expectations.

For periodic assessments to be effective and constructive, they must be carefully designed and implemented. Reviews should be evidence-based, with clear criteria established upfront to determine when intervention is warranted. This would help avoid reviews becoming routine or reflexive and ensure that regulatory changes are supported by demonstrable consumer harm or material deterioration in competitive outcomes.

It is also important that periodic reviews do not create ongoing uncertainty. Frequent or open-ended reassessment of regulatory settings can undermine investment confidence, increase compliance costs, and discourage innovation. Retailers require a reasonable degree of stability and predictability in regulatory frameworks to support long-term investment, product development, and system changes.

In addition, any assessment of competition should explicitly consider the cumulative effects of overlapping reforms. Many recent and proposed changes across pricing, consumer protections, network tariffs and data access are interconnected. Assessing individual measures in isolation risks misattributing outcomes or failing to identify unintended consequences that arise from the combined effects of multiple interventions.

We also consider it important that periodic reviews focus not only on price outcomes, but on broader indicators of effective competition, including consumer choice, innovation, market entry and exit, and service quality. Reviews should include meaningful industry consultation and transparent publication of findings to support confidence in the process.

If appropriately scoped and designed, periodic review can improve regulatory adaptability and responsiveness over time. However, this must be balanced against the need to maintain investment certainty, competitive incentives and operational stability in the retail energy market.

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?

We support the AER's review of the Retail Pricing Information Guidelines and the underlying objective for retailers and regulators to simplify energy communications to ensure customers are receiving clear, useful and timely information and support, particularly for disengaged and vulnerable customers. We consider that any expansion of information requirements should be proportionate, principles-based and technology-neutral, and avoid oversimplifying complex or innovative products or discouraging product development.

Information requirements should focus on improving like-for-like comparability, including clear disclosure of tariff structures, supply and usage charges, benefit periods, conditional discounts, eligibility criteria, exit fees, contract length, and price-change conditions. Clear disclosure of key non-price features that materially affect value, such as solar feed-in arrangements, EV or battery-linked pricing and bundled services, is also important.

At the same time, data requirements should avoid mandating a single comparison metric where this could misrepresent outcomes for customers with non-standard usage patterns. Emerging products such as dynamic pricing, CER-linked offers and bundled services cannot always be accurately captured through static annual bill estimates. Information requirements should therefore be reviewed periodically to remain fit-for-purpose as technologies and retail offerings evolve.

Origin also supports continued enhancement of Energy Made Easy, including improved treatment of time-varying and demand-based tariffs, CER-linked and bundled products, and clearer presentation of bill variability and uncertainty. Enhancements should prioritise usability and accessibility for vulnerable, low-engagement and linguistically diverse customers and be supported by clear consumer education on both potential savings and risks.

Beyond comparison tools, consumers can be further supported through stronger switching prompts at contract milestones, benefit expiry and material price changes, and by encouraging the use of trusted third-party comparison services alongside Energy Made Easy. Together, these measures offer a proportionate way to improve comparability while preserving innovation, competition and consumer choice.

We anticipate providing more detail as part of our response to the AER's Retail Guideline Review.

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?

Origin supports the objective of improving the efficiency of network tariff design and agrees that existing arrangements do not always reflect the underlying drivers of network costs in a system characterised by electrification, increased uptake of distributed energy resources and two-way energy flows. In principle, more cost-reflective network tariffs can promote more efficient network use and support consumers' long-term interests.

However, we are concerned that the proposed reforms may not deliver these outcomes if implemented too quickly or without appropriate safeguards. In particular, rapid shifts toward higher fixed or more complex charges risk significant adverse distributional impacts for low-usage, vulnerable or low-engagement customers who have limited ability to respond to price signals. Without careful transition arrangements, these customers may face bill increases that are not reasonably avoidable, even where tariffs are efficient from a network perspective.

We also consider it critical that network tariff reform is closely coordinated with retail pricing reforms. Network charges are passed through into retail prices, and misaligned changes risk increasing bill volatility, reducing price transparency and constraining retailers' ability to design simple, competitive and innovative products. Predictability and stability in network tariff structures are particularly important to support investment in new retail offerings linked to flexible demand, electrification and CER.

In Origin's view, these issues are best addressed through the AEMC's proposed Electricity Network Regulation Review⁹, which provides the appropriate framework to consider network tariff efficiency, customer impacts, transition pathways and the interaction with retail markets in a holistic way. A staged approach, including phased implementation, assessment of bill impacts across customer cohorts, targeted protections, and the use of pilots or trials where appropriate, would better balance efficiency objectives with affordability, confidence in the market and long-term innovation.

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?

Origin supports the AEMC's proposal to place energy service providers at the centre of network tariff design. Retailers are best placed to manage tariff complexity and translate network price signals into consumer-facing products that are understandable, flexible and responsive to customer needs. Retailers interact directly with customers, manage billing and settlement, and carry pricing and credit risk, positioning them far better than network businesses to determine how network charges should be reflected in retail offers.

Designing network tariffs primarily for end-customers risks unnecessarily constraining tariff structures, limiting innovation and weakening cost-reflectivity. Requirements focused on customer understanding at the network tariff level may lead to oversimplification, blunting price signals and increasing inefficient cross-subsidies. Customer impacts are more effectively managed through retail product design, where retailers

⁹ AEMC, Electricity Network Regulation Review – Draft Terms of Reference, 18 December 2025.

can tailor pricing structures, communications and protections to different customer cohorts. Network businesses are not well placed to perform this role.

A clearer separation of roles is therefore required - distributors should focus on efficient, cost-reflective network tariffs, while retailers determine how those tariffs are translated into retail offers alongside wholesale and other costs. This does not imply direct pass-through of network tariffs. Rather, retailers should retain flexibility to smooth costs, manage risk and offer a range of products, including both simple and more dynamic options.

Customers should have access to a basic, stable offer, typically flat-rate, to support bill predictability for low-engagement or vulnerable customers. Alongside this, retailers should be able to offer opt-in, cost-reflective products such as time-of-use, demand-based or dynamic pricing, including offers linked to EVs, batteries, solar and flexible demand. This approach protects customers least able to respond to price signals while preserving incentives for engagement, efficiency and innovation.

Any removal or amendment of customer impact and understanding principles should be accompanied by proportionate safeguards to prevent unmanaged bill shock, including clear and timely communications, appropriate transition arrangements and targeted support for vulnerable customers. Ongoing regulatory oversight of consumer outcomes remains essential.

Origin also supports improving the timing of Tariff Structure Statements (TSS) where this reduces compliance costs and better aligns with retail pricing and product development cycles. Improved alignment would provide retailers with greater certainty and lead time to design, test and implement products that reflect network price signals, particularly for innovative CER-related offers. Changes to TSS timing should balance network planning needs with retail implementation realities and maintain transparency and consultation.

We expect further detail on proposed TSS changes to be considered through the AEMC's consultation on the Energy Networks Australia rule change proposal.¹⁰

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?

Origin supports the introduction of transitional measures in principle and considers them essential to managing the impacts of the proposed reforms in an effective and equitable manner. Given the scale and interconnected nature of the reforms under consideration, transitional arrangements will play a critical role in maintaining consumer confidence, minimising bill shock and allowing sufficient time for retailers and customers to adjust.

Transition periods must be of sufficient length to enable customers to understand and respond to changes in pricing structures, particularly where reforms result in material shifts in the balance between fixed and variable charges. Short transition periods risk undermining consumer trust and may disproportionately affect customers with limited capacity to adjust their consumption or actively engage with the market. Retailers also require adequate time to update systems, redesign products, train staff and implement customer communications.

Origin considers it essential that the distributional impacts of reforms, particularly a move toward higher fixed charges, are explicitly assessed and transparently reported. Low-usage customers, vulnerable households, renters, and customers with limited ability to invest in electrification or demand flexibility are more likely to experience adverse impacts from higher fixed charges, as these customers have less

¹⁰ <https://www.aemc.gov.au/rule-changes/improving-flexibility-tariff-structure-statement-process>

opportunity to mitigate bill increases through behavioural change. Without careful design, reforms intended to improve efficiency may therefore result in unintended equity outcomes.

To manage these risks, Origin supports the inclusion of robust bill impact analysis across a wide range of customer cohorts, both prior to implementation and on an ongoing basis. Transitional measures should include mechanisms to monitor actual bill outcomes following implementation and to make adjustments where impacts are materially worse than anticipated. This could include phased increases in fixed charges, caps on annual bill increases for affected cohorts, or targeted relief measures for vulnerable customers during the transition period.

Managing a move toward higher fixed charges will also require clear, timely and consistent communication to customers. Retailers are well placed to deliver this communication, but it should be supported by clear regulatory expectations and consistent messaging across the market. Customers should be informed not only of changes to prices, but also of the reasons for those changes and the options available to them to manage their bills.

Overall, Origin considers that a carefully staged approach, underpinned by transparent assessment of distributional impacts, ongoing monitoring, and the ability to adjust transitional settings where necessary, will be critical to ensuring that reforms are implemented fairly and that risks to consumers are appropriately managed.

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 (eg, 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?

Origin considers that, in most cases, the proposed reforms can be implemented through existing regulatory and market processes, such as network reset cycles and established rule change implementation pathways. These processes are well understood by industry participants, provide structured opportunities for consultation and testing, and help manage implementation risk by aligning reforms with existing planning, investment and pricing cycles. Where practicable, reliance on existing processes is preferable to accelerated implementation approaches.

Accelerated implementation approaches materially increase cost, risk and operational complexity for retailers. Compressed timelines can constrain retailers' ability to undertake necessary system and process changes, redesign retail products, train staff, and deliver clear and timely customer communications. This increases the likelihood of implementation errors, sub-optimal pricing and product outcomes, and customer confusion, which may ultimately undermine consumer confidence and trust in the market.

Sufficient implementation lead time is particularly important given the scale and interconnected nature of the reforms under consideration. Many proposed changes will require substantial updates to billing systems, pricing engines, data interfaces and customer communication frameworks. Retailers must also manage new and evolving compliance obligations and ensure that frontline and support staff are appropriately trained to assist customers through periods of change.

Origin also notes that reforms do not occur in isolation. The implementation schedule must take account of the cumulative burden of concurrent and recently implemented reforms across pricing, consumer protections, network tariffs, data access and market systems. Poor sequencing or overlapping implementation timelines increase compliance costs, place pressure on organisational capacity, and heighten the risk that reforms interact in unintended or counterproductive ways.

Additional considerations include IT readiness across the market, the availability of adequate testing and assurance environments, regulatory certainty during implementation, and the provision of clear, stable and timely guidance from regulators. We also note the importance of aligning implementation timelines with

annual retail price change cycles, where possible, to reduce complexity and minimise disruption for customers.

For these reasons, Origin supports an implementation schedule that prioritises stability, risk management and the quality of consumer and market outcomes over speed. Where accelerated approaches are contemplated, they should be limited to clearly defined circumstances, supported by robust evidence of net benefit, and accompanied by appropriate transitional arrangements to manage risks for both consumers and market participants.