

AEMC THE PRICING REVIEW DRAFT REPORT (EPR0097)

13 FEBRUARY 2026

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Electricity Objectives (NEO) so that our members can continue to provide a fit for purpose product for their customers.

Thank you for the opportunity to make a submission on The Pricing Review Draft Report.

The EUAA remains supportive of the intent of The Pricing Review, particularly its proposal to fairly distribute network tariffs through a more equitable approach to network usage payments. As we have stated before, we support The Pricing Review as when the full suite of products become available at the residential level, we can see similar products being offered to the C&I sector. We also see that energy service providers (retailers) are risk managers and should manage all of the risk, not just the wholesale market risk.

While we have been fully engaged with The Pricing Review through our membership on the Stakeholder Reference Group, we have a number of concerns flagged in the Draft Report that we believe require further attention in how they would be operationalised for maximum benefit. We list these concerns below with our thoughts on how these might progress.

1. While the Draft Report flags that all customers on the same plan receive the same price, and we agree with the intent, we can see several issues with the proposed approach:
 - a. Retailers could simply switch customers to the Default Market Offer (DMO) at the end of the "contracted period", or
 - b. Retailers could create new "different" plans so that there are more plans with different names and slightly different functionality to avoid the "Same plan, same price" requirement.
 - c. We see the issue here is that retailers place more value on attracting new customers than retaining their existing customers due to information asymmetry (i.e. customers do not know how their existing plan/retail arrangements stack up against a new customer's or even the DMO).
 - d. Instead, we recommend that retailers be "required" to offer their customers a new plan or to shift to the DMO (as a default position) at the end of a contracted period. Customers are then free to compare the offering with the DMO, and if engaged, can compare with what "new" customers are being offered, removing the information asymmetry.

- e. This proposal is similar to another proposal in the Draft Report where new, retailers would be required to offer new innovative products to new and existing customers.
- 2. We have concerns about the proposed “Competitive Franchise” model, where customers who “appear” disengaged effectively have their retail products selected by a competitive franchise so that the customer receives the cheapest energy product for them.
 - a. We see this as an exceptionally invasive proposal that may breach the rights of the individual, and we would not support a similar model in the C&I sector.
 - b. The proposed model does not consider consumer preferences, i.e. a consumer might want a 100% Australian retailer who is not the cheapest, or might want locally generated power which may also not be the cheapest, or other preference.
- 3. We agree that network service providers (NSPs) should provide network tariffs targeting energy service providers (retailers) to allow retailers to package price signals of network capacity and constraints through to consumers in the same way that they currently send price signals for wholesale prices. However:
 - a. We are concerned with how this price signal would be adopted by retailers and the retailers ability to adapt in a timely fashion. We note that this is flagged in the Draft Report, however would like to see how this adoption would be operationalised. We would suggest a “glide path” uptake by retailers, i.e. the new network tariff structure to be adopted over an NSPs regulatory period from 0% (current) to 100% in the fifth year. We believe this would allow retailers time to adopt their systems and also allow consumers time to become accustomed to the new price signals, whole minimising bill shock at the consumer level should the adoption take place all at once.
- 4. The Draft Report states:

“empower(ing) the AER to take a more active role in the tariff setting process and to effectively facilitate the implementation of the tariff reforms between energy service providers and networks.”

We are unsure of how this might be operationalised and how this would work in practice, as while AER has the mandate of making decisions “in the long-term interest of consumers”, they are not a consumer group (who pays the tariff) nor a retailer (that packages the tariff). While we do support more involvement in tariff setting by the AER, we do not see their role extending to what has been proposed.

- 5. We support the AER being provided additional funds to upgrade the website “Energy Markets Made Easy” to provide consumers with more information on different electricity plans, we consider that without rolling in Victoria’s jurisdictional “Energy Compare”, that consumers moving relocating into or out of Victoria will be disadvantaged.
- 6. We support the proposed network pricing principles rules listed in the Draft Report, including considering short run and long run marginal costs, focussing on outcome-based objectives, clarifying how residual costs should be allocated and allowing tariff structures to be updated more frequently, however suggest the addition of one more principle:

“That tariff structures should cater for the costs and benefits of network access by customer type without cross-subsidies”

We recommend this additional principle so that the cost and benefits of each of the four archetypes described in The Pricing Review do not cross subsidise each other, and that business and/or C&I do not cross subsidise residential should there be a short-fall in revenue from the four archetypes.

7. While we agree with the concept that retailers are risk managers and should manage more of the risk associated with delivering electricity, and therefore be a part of the networks tariff design consultation, we disagree that this means removing consumer measures and consumer consultation from the network tariff design:
 - a. As such we disagree with the notion of removing 'customer impact' from the required network tariff design consultation.
 - b. We are undecided on whether removing 'customer understanding' from the required network tariff design consultation would be achieve the desired results or impede them.We form this position based on consumers being the ones that will ultimately pay the tariff. By only considering retailers, we risk retailers influencing network tariff conversations that create products that they want to reduce their risk, but not what the end consumer wants (i.e. consumers being takers of retailer created products that minimise retailer risks).
8. We are also unclear from the Draft Report if removing the consumers from the network tariff design consultation process also removes consumers from the NSP regulatory reset processes. We do not support this approach.

We support the aims of The Pricing Review, that would empower consumers to manage their electricity bills through sending consumers' price signals via retail tariffs that allow for the four different archetype consumers. The above concerns we have with the Draft Report potentially remove consumer choice, influence and agency and providing retailers and potentially NSPs more power.

We would argue that some of the proposals, especially those that reduce or remove the consumer voice would make it difficult for any entity in the electricity industry to meet the NEO.

The EUAA welcomes further discussions on the issues raised in this submission.

Do not hesitate to be in contact with EUAA Policy Manager Dr Leigh Clemow, should you have any questions.



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