

# EnergyFlex Submission: Response to the Draft Pricing Review

## Electricity Pricing for a Consumer-Driven Future

**Submitted to:** Australian Energy Market Commission

**Date:** 09 January 2026

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### 1. Introduction

EnergyFlex welcomes the opportunity to respond to the Draft Pricing Review and supports the Australian Energy Market Commission's (AEMC) conclusion that ambitious reform is required to ensure the electricity market delivers for all consumers.

We strongly agree with the AEMC's assessment that the way Australians use electricity is changing rapidly. Uptake of rooftop solar, batteries, electric vehicles, and electrified appliances is increasing, while retail markets are evolving toward time-varying pricing and more complex product offerings.

At the same time, EnergyFlex's experience aligns closely with the AEMC's finding that competition and innovation are only partially effective. Benefits are unevenly distributed, many consumers continue to pay a "loyalty tax", and access to tools that help consumers confidently choose and manage suitable plans remains limited. Without reform, there is also a clear risk of inequitable cost sharing between consumers with and without consumer energy resources.

From EnergyFlex's perspective, these challenges share a common cause: consumer capability has not kept pace with market complexity. Pricing reform, product innovation, and cost-reflective signals will only deliver better outcomes if consumers can understand, trust, and respond to them—particularly during what the AEMC has rightly identified as a multi-year transition.

EnergyFlex supports the AEMC's vision of a dynamic energy services 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.

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### 2. About EnergyFlex

EnergyFlex is an Australian consumer energy insights platform designed to help households and small businesses understand, manage, and reduce their electricity costs and emissions as the energy system becomes more dynamic and complex.

EnergyFlex operates as a free to consumer platform with premium features and works with councils, financial institutions, energy sector participants, and community programs to support large scale consumer engagement.

Delivered through the EnergyFlex app, this engagement is supported by a practical, ongoing consumer experience rather than one off interactions. The app brings together a set of core capabilities in a single



place, allowing households and small businesses to understand how their electricity use, pricing arrangements, and behaviour interact over time:

- Secure connection to smart meter data via the Consumer Data Right (CDR)
- Personalised insights on when electricity is used and why it matters
- Independent retail plan comparison based on actual consumption data
- Behavioural prompts and feedback aligned to system conditions
- Ongoing performance measurement through the EnergyFlex Rating

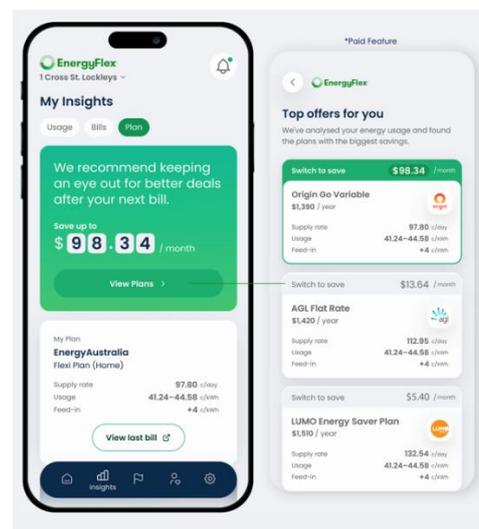


Continuous feedback enables consumers to see whether changes they make are improving outcomes, helping build confidence and capability as pricing structures and market settings evolve.

EnergyFlex securely connects to smart meter data using the Consumer Data Right (CDR) framework and focuses on when energy is used, not just how much is used. This reflects the growing importance of time varying prices, network congestion, and system flexibility as consumer energy resources become more prevalent.

A core capability is the EnergyFlex Rating, a simple, outcome focused performance indicator measured between 0 and 5 that reflects how effectively a household or small business uses electricity relative to system conditions, including time of use pricing, renewable availability, and network impacts. The EnergyFlex Rating provides consumers with an ongoing, objective measure of improvement over time, allowing them to track behavioural change, readiness for consumer energy resources (CER), and alignment with a lower cost, more renewable energy focussed system.

A key feature of EnergyFlex is its dynamic plan comparison capability, which enables retailers to compete transparently for each consumer based on their real consumption profile. This creates a live, competitive environment that reduces reliance on standing offers, minimises loyalty tax outcomes, and lowers the search and switching burden for consumers.



EnergyFlex supports consumers across the full energy decision journey by providing education and energy literacy in plain language, comparing retail electricity plans based on actual usage data, identifying opportunities to improve outcomes through behaviour change before hardware investment, and preparing consumers for electrification, rooftop solar, batteries, electric vehicles, and participation in flexibility programs.

### **3. Approach to the Draft Pricing Review**

The following sections respond to the themes and draft reforms set out in the Draft Pricing Review, drawing on EnergyFlex's experience translating pricing, product, and system complexity into practical consumer action, and focusing on how the Commission's proposed changes can be implemented in ways that deliver measurable outcomes in practice.

#### **Theme 1: Harness competition to improve outcomes for all consumers**

##### **Reform 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**

EnergyFlex strongly supports this reform and agrees that the loyalty tax reflects a structural failure in current retail competition. Pricing new customers more competitively than existing customers forces defensive switching and disadvantages time-poor and less energy-literate consumers.

Requiring equal pricing for all customers on the same plan addresses the root cause of the loyalty tax and appropriately refocuses competition toward meaningful differentiation, service quality, and new value propositions. Consumers would no longer need to switch simply to avoid being penalised.

EnergyFlex notes that consumers will still require support to identify when switching unlocks new value as their circumstances change, for example through electrification, behaviour change or CER adoption.

##### **EnergyFlex could assist by:**

- Providing continuous, usage-based confirmation that consumers are receiving competitive pricing and improving their overall energy performance, including through indicators such as the EnergyFlex Rating and as signalled by consumer alerts as cost wastage thresholds are breached
- Identifying when switching would unlock new value rather than merely avoiding a penalty
- Supplying anonymised insights on how switching behaviour changes once loyalty tax dynamics are removed

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##### **Reform 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**

EnergyFlex supports the objective of extending the benefits of competition to customers who have not actively chosen a market offer. Standing-offer customers often experience poorer outcomes, even with safeguards such as the Default Market Offer and Victorian Default Offer.

However, EnergyFlex encourages the AEMC to consider whether the intended outcomes of this reform can be achieved more simply and at lower cost, without establishing a new competitive franchise or auction mechanism.

By design, EnergyFlex's plan comparison feature already provides a consumer-authorized, usage-based competitive environment in which retailers compete transparently for each customer. This functions as a



continuous, decentralised auction that reveals competitive prices based on actual consumption, reduces reliance on standing offers in practice, and allows all consumers to access competitive market offers in a single step.

Even where consumers are placed onto competitive arrangements by default, access to simple performance feedback remains important so they can understand whether outcomes are improving over time.

**EnergyFlex could assist by:**

- Enabling standing-offer customers to access best-fit market offers through a single trusted comparison process
- Providing simple, non-technical feedback on how outcomes are tracking over time, including via the EnergyFlex Rating
- Reducing reliance on Default Market Offer mechanisms while preserving them as a safety net

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**Reform 3 - Periodically review whether regulations are supporting good consumer outcomes in an evolving market**

EnergyFlex strongly supports periodic review of regulatory settings and agrees that competition, supported by proportionate regulation, should remain the primary mechanism for delivering good consumer outcomes.

We support the AEMC's proposal to undertake targeted reviews every three years, building on the work of the Australian Energy Regulator and informed by enhanced market monitoring following the Prohibiting Energy Market Misconduct review. The proposed two-stage approach ensures reviews are evidence-led and proportionate.

Longitudinal performance indicators can help distinguish short-term price effects from sustained improvements in consumer outcomes.

**EnergyFlex could assist by:**

- Providing de-identified evidence on real consumer outcomes, including bill impacts, behavioural response, and changes in aggregate EnergyFlex Ratings across cohorts
- Supporting stage-one assessments with aggregated insights from live consumer interactions
- Helping identify redundant or unintended regulatory barriers to innovation

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**Theme 2: Make it easier for consumers to compare offers that suit them**

**Reform 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**

EnergyFlex strongly agrees with the AEMC's assessment that retail products are becoming increasingly complex and that consumers need the right information, not more information, to make informed choices.



However, EnergyFlex **does not agree** that further capital investment in expanding Energy Made Easy is the most effective or efficient way to achieve the intended outcomes.

As dynamic pricing, flexibility products, and subscription-style services emerge, effective consumer support increasingly requires continuous, usage-based comparison, integrated education, behavioural feedback, and ongoing assessment of plan suitability, including the provision of consumer alerts of overspend. In practice, consumers also need a way to understand whether their decisions are improving outcomes over time, not just which plan appears cheapest at a single point.

EnergyFlex submits that the capability gap identified in the Draft Pricing Review has largely been solved by the market. A more effective role for Energy Made Easy would be as a trusted baseline reference, consumer protection backstop, and gateway to consumer-authorized comparison pathways.

**EnergyFlex could assist by:**

- Demonstrating how smart-meter data, education, behavioural insights, and plan comparison are integrated today through a product like EnergyFlex
- Supporting interoperability between Energy Made Easy and commercial products, rather than duplication of capability
- Showing how outcome-focused measures such as the EnergyFlex Rating complement price comparison by indicating whether overall energy performance is improving

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**Theme 3: Reward consumers for activities that deliver a lowest-cost system and fairer cost sharing**

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

EnergyFlex strongly supports efficiency-focused network tariff reform and agrees that current tariff frameworks are increasingly misaligned with today's energy system.

Dynamic and congestion-based tariffs can deliver significant system value, but only if consumers understand and respond to them. Consistent performance feedback is critical to reinforcing efficient behaviour and maintaining trust.

An example of how efficiency-focused tariff signals and behavioural incentives can be translated into consumer action in practice is outlined in the 'Shift & Share' illustrative example below.

**EnergyFlex could assist by:**

- Translating network tariff signals into actionable consumer guidance
- Linking behaviour change to avoided network investment and fairer cost sharing
- Supporting consumer feedback through measures such as improvements in the EnergyFlex Rating



## **Reform 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**

EnergyFlex supports this reform and agrees that energy service providers are the customers of distribution networks. Designing tariffs for providers enables upstream efficiency while allowing complexity to be managed at the retail and service layer.

As complexity shifts upstream, simple and trusted performance indicators become increasingly important for consumers to assess whether innovative offers are delivering value.

The Shift & Share example below also illustrates how upstream tariff complexity can be managed through consumer-facing programs that preserve simplicity while enabling innovative retail and network outcomes.

### **EnergyFlex could assist by:**

- Translating upstream tariff complexity into consumer-relevant insights
- Supporting innovative retail products that reward efficient network use
- Providing independent performance visibility, including through the EnergyFlex Rating, to maintain trust

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### **Illustrative example: Translating pricing reform into consumer action**

The EnergyFlex experience suggests that the objectives of the Draft Pricing Review are most effectively delivered when pricing reform is paired with practical, consumer-facing programs that build understanding, trust, and behavioural capability.

One example is **Shift & Share**, a community-based energy behaviour and rewards program delivered through the EnergyFlex platform. The program is currently under development in collaboration with Energy Queensland and RACE for 2030 as part of broader work exploring scalable, consumer-led approaches to system efficiency and flexibility.

Shift & Share is designed to help households and small businesses respond to periods of high system cost or local network congestion by shifting when they use electricity. Participation is supported by simple prompts, clear feedback on outcomes, and modest, transparent incentives that reflect the value created for the energy system, rather than requiring consumers to understand or respond directly to complex tariff signals.

Participants can see how their actions contribute to lower overall system costs, reduced local network congestion, and improved alignment with renewable energy availability.

Incentives are paired with ongoing feedback, including changes in the EnergyFlex Rating, to reinforce learning and enable participants to see whether their actions are improving outcomes over time.

Importantly, Shift & Share is inclusive by design. It enables participation by households and businesses with and without consumer energy resources, supporting fairer cost sharing and reducing the risk that flexibility benefits accrue only to those able to invest in new technologies.



From a regulatory perspective, Shift & Share illustrates how efficiency-focused tariffs and flexibility signals can be translated into consumer action, how competition and innovation can deliver value without increasing consumer complexity, and how transitional reforms can be supported through behaviour-first approaches.

Programs of this nature demonstrate how the Draft Pricing Review's objectives can be delivered in practice, using existing market frameworks, consumer-authorized data, and trusted intermediaries.

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### **Transitional considerations**

EnergyFlex strongly supports careful management of the transition to new pricing and market arrangements. Given the expected duration of reform, transitional measures should protect consumers while actively building understanding and capability.

Simple, consistent performance measures can help consumers understand whether reforms are working for them over time, even as pricing structures change.

#### **EnergyFlex could assist by:**

- Supporting phased roll-outs with education and feedback
  - Helping households adapt gradually to new pricing signals
  - Providing a stable, comparable measure of progress over time through the EnergyFlex Rating
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### **Closing remarks**

EnergyFlex supports the reforms proposed in the Draft Pricing Review and agrees they are necessary to deliver a smarter, fairer, and lower-cost electricity system.

Their success will depend on whether consumers are equipped to understand, trust, and respond to change. EnergyFlex stands ready to support the AEMC, AER, networks, and energy service providers in translating these reforms into measurable consumer and system outcomes.

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