

20 February 2026

Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
GPO Box 2603  
SYDNEY NSW 2001

Submitted electronically: [aemc.gov.au/contact-us/lodge-submission](https://aemc.gov.au/contact-us/lodge-submission)

**Reference: EPR0097**

Dear Ms Collyer

**RE: The pricing review: Electricity pricing for a consumer-driven future**

Momentum Energy Pty Ltd (**Momentum, our or we**) welcomes the opportunity to respond to the Draft report for the Australian Energy Market Commission's (**AEMC**) The Pricing Review: Electricity Pricing for a Consumer-Driven Future.

#### **Executive summary**

Momentum Energy commends the AEMC's efforts to examine pricing frameworks through its self-initiated review and its approach to competition and removing regulatory burdens. We express our support for aspects of the draft report and highlight additional issues for consideration.

We believe it is well established that the regulatory burden on energy retailers and the market more broadly is already high, and numerous changes in train or under review will continue to add to it. While many changes have good intent and seek to support positive customer outcomes, we are concerned that the proposals in this review may inadvertently further complicate an already complex and challenging regulatory landscape. This risks ultimately adding costs to the system and reducing consumer and public trust in the sector when compliance breaches occur. We would strongly advocate that the AEMC consider the costs and benefits of any changes it takes forward.

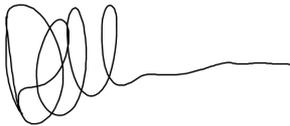
We recommend that further analysis be conducted to refine the details of these fundamental changes to how customers interact in the future energy market. We are cautious about overly complex reforms and market interventions that risk undermining retail competition and imposing avoidable costs on consumers. We want to work together to deliver the energy transition, with minimal cost impact on consumers and create a sustainable energy future for all. If the competitive franchise recommendation is to be adopted in the Final Report, we strongly recommend stress testing and actively simulating this through the regulatory sandbox.

**Attachment A:** addresses the consultation questions in the draft report.

Momentum looks forward to continuing to engage with the AEMC as the Review progresses.

We would welcome the opportunity to meet with representatives of the AEMC to discuss our submission, in particular our views on theme 1. For any follow-up on the contents of this submission, please contact me at [Daniel.oliver@momentum.com.au](mailto:Daniel.oliver@momentum.com.au).

Yours sincerely



**Daniel Oliver**

Strategic Delivery and Policy Lead

## About us

We are an Australian energy retailer, owned by Hydro Tasmania, Australia's largest generator of renewable energy. We pride ourselves on providing competitive pricing, innovation, and excellent customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT, and the Bass Strait Islands. We also retail gas to Victorian customers.

## Appendix A: Momentum Energy's responses to the AEMC consultation questions

### 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?

#### We urge the AEMC to take these considerations into account in the Final Report:

- Momentum Energy does **not** support recommendation 1 in its current form. However, we do believe there are some components that could be further analysed and tested.
- We believe that the recommendation, as it stands, could result in market power and share consolidation with larger energy retailers, prompting smaller retailer exits that may reduce competition and innovation over time.
- Further clarity is required regarding principle-based regulation of meaningfully different plans and how this would operate in a future energy market.
- We believe there is merit in assessing the potential to shift to fixed-term market contracts, with the only non-fixed-term contracts being the regulated standing offer.

Momentum Energy does **not** support recommendation 1 in its current form, without further consideration and analysis of the impact on industry and competition, particularly whether it would provide a better price outcome for market offer consumers. Momentum is of the view that it could impede genuine competition and through the likely reduction of market participants, potentially result in higher average prices across the market.

Retail competition is central to Australia's electricity market arrangements, and electricity pricing plays an important role in achieving outcomes that deliver both individual and system-wide benefits. However, we believe describing this price dispersion as a "loyalty tax" is an inaccurate and unhelpful way to understand how competition works in the retail energy market or many other competitive consumer markets.

While we support the intention of this reform to address the perceived 'loyalty tax', we don't agree that it will "*ensure every customer is always on the best price*". Forcing retailers to charge all customers on the same plan at the same prices, and to offer these plans to both new and existing customers, would not necessarily provide meaningful value to consumers if it results in higher prices for all.

We also note that it is unlikely to provide lower prices during the troughs of the wholesale cycle that we see today if a customer is actively seeking the lowest price in the market. A single price becomes the average of potential offers and thus will not be the cheapest possible. The loss in

margin on existing customers from a universal price cut is unlikely to be offset by new customers taking up that reduced price, which prevents the sharpest market offers for existing customers. It may also impact the innovation of tariffs which are targeted at providing consumers with price signals to encourage consumer behavioural change.

Recommendation 1 could also strengthen the market power of larger retailers, and might lead to Retailer of Last Resort (**RoLR**) events and exits by smaller retailers, which typically increase costs and result in poorer outcomes for consumers. Nonetheless, the AEMC still hopes that competition can somehow endure. In a low engagement product category such as energy, price is a key driver of customer engagement in a competitive market; strong price distribution promotes customer engagement and a healthy competitive environment.

Momentum proposes that the AEMC assess the potential for market offers to be fixed-term only. For this to work, reasonable exit fees would need to be allowed. If this were to take place, retailers could bundle energy and other services or offers into a fixed-term product and, with some level of certainty about the volume to procure, minimise the need to build in risk premiums to account for customer churn. At the end of this fixed-term period, customers could choose a new available fixed-term contract from their current or alternative retailers, or be automatically rolled onto the regulated standing offer. This would have the added benefit of significantly reducing retailers' activity and effort during the annual price variation event, as it would be limited to standing offers only. We believe this would also remove the need for a Deemed Best Offer message, another positive customer obligation that has the unintended effect of adding material costs, complexity and risk to each and every retailer.

Should the draft recommendations be adopted, Momentum recommends further consideration of the following:

- **Fixed-term contracts:** *What is an appropriate contract length?* The competitive franchise requires market offers to be fixed-term; however, it does not specify the practical steps for the proposed term, whether it is the same for all retailers or aligned with the competitive franchise process. There is additional complexity in how this interacts with the recommendation of the same plan, same prices, and the incoming ECMC suite of reforms.

Momentum only offers open-term contracts; however, we acknowledge that requiring contracts to be fixed-term would likely extend protections to more consumers by removing ongoing or evergreen market offers, and customers on these contracts would receive protections under the DMO/VDO.

As per above, we strongly advocate for the need to be able to charge a reasonable exit fee on fixed-term contracts, otherwise retailers will need to build a risk premium for wholesale exposure into their prices to account for anticipated churn.

**Market offers in and out of market:** *How long after the plan is out of market, and a new plan with the same or similar features will be introduced?* The same prices for both new and existing customers are likely to stifle competition for retailers, particularly smaller retailers, to develop products and services to attract new customers priced in line with their commercial and risk strategies. Should retailers be required to remove the offer from the market and try to find a new offer meaningfully different from the plan to be allowed? Or

would it need to continue to offer a plan that was financially unsustainable until the next annual price variation period? If the latter, it would imply that all retailers set their prices at once, which would then dictate who had the best prices in market for the next year, unless they could come up with creative, differentiated plans to introduce later in the year.

As stated in summary note 39<sup>1</sup>: “...if an energy service provider wants to attract an additional customer to a plan, it must improve the offer for all customers, not just the customer it is seeking to attract.” This is also true in reverse. If retailers need to increase acquisition prices, we will need to increase them for all customers, and this needs to be carefully considered in the context of the review of the Prohibiting Energy Market Misconduct Act (PEMM) and restricting price increases for a fixed period under market retail contracts.

- **Meaningfully different offers:** This recommendation, with the other proposals in recommendations 1 and 2, requires careful consideration with principle-based regulation. Particularly, how meaningfully different plans would operate, and the transitional arrangements needed for it to be successful. The draft report does not distinguish whether this applies only to retailers' own market offers, tariffs, or plan characteristics or to both market and standing offers. For example, an energy service provider's market offer has the same tariff as a regulated offer, such as the free power period, and it aligns with the Solar Sharer Offer (SSO) tariff. Further clarity is required on whether this would be allowed under the meaningfully different requirement, or whether it must offer a different tariff. The same applies to the DMO (if this is still required in the future energy market), and to retailers, who offer the same plan but have discounted rates with market offers.

While this recommendation encourages key differentiators, unique value propositions and promotes innovation, it does not necessarily limit the number of plans an energy service provider can offer. This could create further complexity for customers navigating the energy market by creating more varying characteristics with different price structures in an effort to be meaningfully different. Comparing these plans would be more complicated, even though many customers want simple tariff offerings, such as subscription-based offers.

- **Upcoming regulatory reforms:** There are several incoming and proposed reform programs focused on retail protections, competition and how it intersects with the proposed recommendations at a high level. These include:
  - The Better Energy Customer Experiences (BECE)
  - The Prohibiting Energy Market Misconduct Act (PEMM)
  - The Energy and Climate Change Ministerial Council (ECMC) package of retail consumer protection rule changes
  - The Default Market Offer (DMO)

The incoming reform programs focused on retail competition and the perceived loyalty tax. Once delivered, the AEMC should assess the effectiveness of the regulations as proposed in Recommendation 3.

Momentum also notes that no market failure was identified in the AEMC's final determination for the “Improving the ability to switch to a better offer” rule change. The AEMC found, through its

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<sup>1</sup> [AEMC, The pricing review - Electricity pricing for a consumer-driven future, Draft report, 11 December 2025, p8](#)

investigation, that “*there was little evidence to support this hypothesis*”<sup>2</sup> that high transaction costs associated with switching to a better offer result in many customers not switching. “While stakeholders generally stated that comparing varied and complex plans is difficult and time-consuming, once a customer decides to switch to a plan, the process is usually straightforward.”

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

- 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?

#### We urge the AEMC to take these considerations into account in the Final Report:

- Momentum Energy does **not** support recommendation 2. The recommendation lacks the necessary detail to assess whether it would deliver a better outcome for standing offer customers than the current safety nets.
- Momentum holds concerns about unintended consequences for both customers and retailers, primarily focused on questions of customer consent and likely market power consolidation, which may lead to reduced benefits for customers.
- As per feedback on recommendation 1, we would cautiously support a ban on evergreen contracts in favour of fixed-term market contracts with reasonable exit fees. Noting that additional analysis and testing would be beneficial prior to a final decision.

Momentum Energy does **not** support recommendation 2. The recommendation lacks the necessary detail to assess whether it would deliver a better outcome for standing offer customers than the current safety nets. We do not see this as a sustainable option for competition in the future energy market, and it assumes consumers want this, even though it could leave some consumers worse off, paying higher prices than they currently pay under the DMO or VDO safety net. Consumers would gain more from a more targeted solution, as outlined below and in recommendations 1 and 2.

The concept of an auction represents a radical change for the industry and suggests that the AEMC believes the DMO/VDO are not effectively serving as a safety net for disengaged customers on standing offers. This is despite the Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) having recently reviewed the DMO and has made a number of reform recommendations. We would recommend that these existing mechanisms be further examined if needed to ensure that rule makers and regulators have sufficient confidence in the outcomes they intend to deliver. We believe this is a more prudent step than moving to an auction process, which we contend could have unintended consequences.

From a customer perspective, there are a number of considerations that would need to be worked through, for example:

- **Family violence:** Momentum strongly advocates that customers affected by family violence are excluded from the competitive franchise, so they are not exposed to the risks inherent in

<sup>2</sup> [AEMC, Improving the ability to switch to a better offer, Final report, 11 September 2025](#)

the proposal, such as potential privacy and sensitive data concerns, or needing to explain their situation again to a new retailer. While these customers should not be financially worse off, their current retailer could match competitive prices once those prices are determined by the auction process, if cheaper than their existing offer.

- Vulnerable customers:** Momentum strongly advocates that vulnerable customers be excluded from the competitive franchise and needs to consider the potential privacy and sensitive data concerns. The same exclusion applies to the Italian auction for customers who are experiencing vulnerability. As noted above, while these customers should not be financially worse off, their current retailer could match competitive prices once those prices are determined by the auction process, if cheaper than their existing offer. Further consideration is needed regarding the customer experience journey for those receiving Centrepay payments or concessions with their existing retailer, as they may miss out on their payments or entitlements. There is limited detail on the proposed auction process and on whether it is appropriate to share this information with the winning energy service provider for privacy reasons. Further clarity is needed on the competitive franchise's intended process for these cohorts, as this would inform the winning energy service provider and may indicate whether they would bid for these cohorts at lower prices than those in the auction process.

As proposed in the AEMC's final determination for Improving the application of concessions to bills<sup>3</sup> *"The best and most streamlined way to remove the onus on consumers to provide their concession eligibility information is to automate the application of concessions"*. This should be prioritised to ensure customers receive all their concession entitlements, lower their bills, and mitigate potential risks around sharing concession information with a competitive franchise.

- Life support customers:** We need to better understand the details of a potential competitive franchise process, considering the upcoming life support reforms. The risk of including life support customers and the potential risks of sharing sensitive information.
- Ombudsman disputes:** We anticipate an increase in the number of customers raising disputes with retailers and directly with the ombudsman scheme, in the scenario where they did not choose to be with a retailer and want to switch back to their previous offer. Without understanding the details of a potential competitive franchise process, it may be appropriate to exclude customers actively involved in ombudsman disputes.
- Automatic payment methods:** Customers who have set up automatic direct debit would be required to update their details with their new retailer, the same as any change to a new provider. However, that is when a customer chooses to be with a provider, and the cohorts in the competitive franchise are those not engaged with the market. We also note that customers may incur higher card/bank fees as a result of the winning retailer purchasing through the competitive franchise.
- Customers who are not price sensitive:** If this approach is adopted, it is important to consider the reasons why consumers choose a retailer beyond just price. The competitive nature of the market can diminish customer agency if these broader factors are overlooked, and may fail to account for the multiple reasons customers stay loyal to a preferred retailer; these can include:

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<sup>3</sup> [AEMC, Improving the application of concessions to bills, Rule determination, 25 September 2025, p4](#)

- Digital platforms and apps
- VPPs and CER offerings bundled with their energy offer
- GreenPower and green credentials
- Simple, transparent pricing (no discounts)
- Leading customer service
- Australian-owned
- Local contact centres
- Renewable backing
- Supporting customers through the energy transition

**From a retailer's perspective, additional considerations include:**

- **Deemed contract (move-in customers):** *Would these customers be considered for the competitive franchise?* This is likely to be a very small cohort; however, a person who has recently taken electricity supplied by the retailer and has not entered into an energy contract is placed on a deemed arrangement. In this instance, would the purchasing energy service provider be aware that no contact details are available? If they do remain with the existing provider, what price do they pay? Does the service provider need to match the competitive franchise price if there is no DMO/VDO?
- **The event of no bids:** *What happens to the pool of customers in the event of no bids?* In bidding for the competitive franchise, retailers will need to consider the risks of hedging large loads, the potential for consumers to churn back to their previous retailer, and the uncertainty that those customers will remain. As such, to hedge against these significant risks, retailers may bid higher prices for these customers or may not bid at all. Further clarity is needed in the event of a no-bid situation. Would standing offer customers return to their previous retailer? Or be assigned to a retailer, and if so, who and at what price? Has the AEMC considered a social enterprise retailer rather than a competitive franchise?
- **Potential for further market share consolidation:** There will be a cost involved in not only completing a bid for the auction, but also being operationally ready to accept the customers should the retailer be successful. At the end of this period, the retailer must then be in a position to survive the loss of this customer segment should they not be successful in the next round. This favours those with scale, and the most competitive offers from a price perspective are also likely to come from larger retailers. The flow on effect on competition should be forecast and assessed.

This reform aims to include all customers who do not choose a new plan and those on standing offers. However, after examining potential groups of customers we recommend be excluded, we believe this proposal is likely to contribute to a negative consumer experience and distrust in the energy retail sector for more customers than it will help. Momentum notes that it may not be a like-for-like comparison in terms of structure and consumer protections with those in other jurisdictions where these auctions occur.

If recommendation 2 is adopted, Momentum would advocate that all retailers be able to retain any customers who roll onto the standing offer until the start of the next auction. A pragmatic approach, for example, would be for retailers other than the current competitive franchise winner could roll customers onto either the same prices as the current standing offer or better, with no exit fee payable.

## Regulatory sandboxing

If adopted, the competitive franchise should progress through a trial waiver in the regulatory sandbox and undergo assessment of consumer outcomes and a cost-benefit analysis, while the other practical reforms proposed in recommendations 1 and 2 are implemented. This could be reviewed as part of recommendation 3, with the cycle proposed to start in 2027-28 and the regulatory sandbox conducted before any rule change.

### 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?

Momentum Energy, in principle, supports the AEMC periodically assessing the effects of regulations and interventions on competition and ensuring there are regular opportunities to review the ongoing effectiveness of retail design. We support the approach that prevents duplication, considering there are already multiple reviews monitoring retail competition.

We are cautious that:

- Given the radical changes proposed and the overlap among several active retail reforms, some regulations may no longer be fit for purpose if the recommendations are adopted; these interventions should be removed in accordance with the proposed implementation schedule to reduce additional costs and complexity.
- What does success look like? As the current intended outcome is to “ensure every customer is always on the best price”, how will these reforms have different intended outcomes than the incoming loyalty tax changes already proposed?

### 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?

Momentum Energy supports recommendation 4 to make it easier for consumers to compare offers. Energy Made Easy (EME) is an independent, trusted site, and the proposed recommendation would reduce the burden of searching and comparing for consumers and better support consumers to make informed choices.

Momentum makes the following suggestions regarding potential improvements to EME to facilitate consumers’ ability to compare offers:

- Improving the baseline functionality for a large number of customers on simple tariff offerings. Momentum’s contact centre receives a number of calls to determine whether the recommended plan is available to them, particularly due to the recent changes with network tariffs that advise customers that it is a pass-through or insurance-style. Improvements to the tariff options would increase customer trust in the site, reduce time-consuming interactions with retailers, and direct customers to retailers’ websites to join online.

- Comparing different price signals (including time of use structures) and seasonality has been difficult because it requires retailers to reaggregate usage data across various time bands. Inaccurate reaggregation can lead to misleading results, and existing EME comparisons often find it hard to address this issue.
- With the proposed SSO and CER products, comparisons could be enhanced around their contractual arrangements by broadening them beyond historical usage data and incorporating forward-looking scenarios to help customers compare plans that best meet their needs and energy profile.
- Momentum would advocate for the AEMC and AER to investigate whether EME could or should become the owner of the Deemed Best Offer calculation for the industry, providing this information back to retailers to include on their invoices. This could remove significant cost, complexity, and regulatory burden currently replicated across retailers by consolidating the function into a single calculation engine, reducing compliance breaches caused by incorrect calculations, and potentially improving output consistency.

#### **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?

Momentum Energy, in principle, supports reforms that deliver more efficient, fair and equitable network tariffs. The current network tariff framework was largely designed for a different time and is unlikely to be fit for purpose in the future energy market.

Momentum recognises that through the energy transition, it becomes increasingly important to adapt how infrastructure costs are recovered in a fair and equitable way. We agree that it is essential that the magnitude of these changes faced by customers and energy service providers is manageable, and that they do not impede the energy transition. There is potential for adverse effects from allowing customers to openly use the network, including higher future demand from customers with EVs, which can be mitigated while still driving the intended benefits. The empirical analysis being conducted to better understand the magnitude of the potential impact and the range of available tariff transition strategies should be shared with stakeholders ahead of the Final Report.

#### **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?

Momentum Energy agrees in principle to reforms to make energy service providers central to network tariff design. However, careful consideration is needed around the practical design of the tariff structure statement, with retailers being central to it.

It is essential that network tariffs are simple, cost-reflective and easy for retailers to implement. It is Momentum's view that better integration between network and retailer tariffs could lead to lower overall costs for consumers. Current reforms, such as the *Accelerating Smart Meter Deployment (ASMD)*, require a customer's explicit informed consent prior to retail tariff variations, and the NSW parliament has prohibited negative retail solar feed-in charges and tariffs, leading to greater misalignment between network and retail tariffs. This has the effect of failing to provide the intended price signals to customers that were intended by the network tariff design.

**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?

Momentum Energy's view is that, given the reforms' ambitious and radical changes, transitional measures would be required to manage their impact and ensure implementation is managed effectively and fairly. We agree with the draft report that the AEMC's primary focus should be the impacts to end-use customers and appreciate the careful consideration and options for protecting consumers outlined in the draft report. However, further analysis is needed to inform the decision and better understand appropriate transition reform options that achieve a more cost-effective transition and the reforms' intended outcomes.

It is critical that, if changes are adopted, they be made iteratively and holistically alongside other ongoing market reforms. Specifically, careful consideration should be given to the timing of implementation for changes from this and other reforms. Making changes iteratively and within set timeframes will minimise market disruption and allow sufficient time for adaptation.

**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?

Momentum Energy provides no comment at this stage but notes our previous comments to further consider the implications of reforms and further work required to inform the Final Report.