



12 February 2026

ATT: Australian Energy Market Commission
Submitted via online portal

Dear Chair & Commissioners

Pricing review for a consumer driven future: Draft report

Please accept this short submission responding to the Commission's draft report.

My three earlier submissions to this review urged the Commission to “rethink how it thinks” about the consumer energy market and to “eschew well-worn tropes” about markets, competition, choice and pricing. Those submissions identified different ways of thinking about the consumer energy market – its constituent parts, design, operation and regulation. Links to my earlier submissions can be found at Attachment A.

It is now clear that the Commission's long-held ways of thinking are not for shifting. Even so, the draft report does not meet expected standards of analysis and reasoning. Some of my concerns are outlined in two online articles reproduced at Attachments B & C.

This submission forgoes my previous efforts to encourage introspective thinking by the Commission (see Attachment D). Instead, it simply calls on the **Commission to commit to full transparency in the following two ways.**

- 1. The Commission should forensically list the assumptions (or necessary conditions) – including about providers, consumers and regulator(s) – underpinning the expected success of each of its recommendations.**
- 2. The Commission should openly and realistically describe the outcomes – including behaviours by providers and consumers – that are likely to ensue if its recommendations are implemented but its assumptions are not satisfied, or only partially satisfied.**

Such transparency represents nothing more than good practice for reviews of this nature.

Finally, I urge the Commission to hasten slowly (*Festina lente*). It should not rush to a final report before inviting public scrutiny of more thoroughly developed and properly supported recommendations.

I wish the Commission well in its work on the pricing review.

Yours sincerely

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About the author

Dr Ron Ben-David is a Professorial Fellow, Monash Business School, and the principal of Solrose Consulting. He is a board member at the ClimateWorks Centre, Consumer Policy and Research Centre (CPRC), Regulatory Policy Institute (A-NZ) and Australian Communications Consumer Action Network (ACCAN). Ron served as Chair of the Essential Services Commission (Vic) between 2008-2019 and has since served in advisory roles with the Centre for Market Design (University of Melbourne), Infrastructure Victoria and the Australian Energy Regulator. Ron was recently a member of an Independent Pricing Committee for the National Disability Insurance Agency. In 2022, he was appointed deputy chair of the Victorian Gambling and Casino Control Commission. Ron writes and presents extensively on energy markets and regulation.

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Previous submissions to the AEMC's pricing review

Ben-David, Ron (July 2025) **Essays on rethinking the consumer electricity market: The Box Set**. Submission responding the pricing review discussion paper. Available at: https://www.monash.edu/_data/assets/pdf_file/0009/4079349/Ron-Ben-David-Submission-to-AEMC-Pricing-Review-July-2025.pdf

Ben-David, Ron (December 2024) **Submission to the AEMC pricing review: Electricity pricing for a consumer-driven future: Consultation paper**. Available at: <https://www.aemc.gov.au/market-reviews-advice/pricing-review-electricity-pricing-consumer-driven-future>

Ben-David, Ron (August 2024) **Submission to the Australian Energy Market Commission: Electricity pricing for a consumer-driven future**. Available at: <https://www.aemc.gov.au/sites/default/files/2024-09/240822%20-%20EPR0097%20-%20Ron%20Ben-David.pdf>

LinkedIn Post 12 January 2026

AEMC Pricing Review. Six recommendations

<https://www.linkedin.com/pulse/aemc-pricing-review-six-recommendations-ron-ben-david-gcyzc/?trackingId=eXzebulec%2FHj1L9o0MLJaw%3D%3D>

The AEMC's draft report lacks the required analysis.

In December, the Australian Energy Market Commission published its draft report into its so called, "Pricing review for a consumer-driven future". Here's my very brief take on the report's six key recommendations. Unfortunately, my assessment is not overly favourable. Sure, some ideas may have some merit, but it is impossible to tell given the absence of serious analysis, evidence or consideration of options.

I may explore systemic concerns with the draft report in future posts.

The report's six key recommendations and my assessment...

1. Same name, Same price (for plans)

Won't make much difference. Circumventing regulation is where retailers are most innovative. The report's proposed regulatory test of "meaningfully different" is fraught with regulatory risk. Moreover, this proposal does not systematically address the problem of at least 145,500 legacy plans. It is astonishing that, on average, there is a different pricing plan for every 47 customers in the NEM (ACCC 2025, pp.34, 53).

2. Competitive Franchise (for standing offer customers)

Don't bother. Legally complicated. Distributional impacts. Few if any bidders likely. Recently announced reforms to the DMO should be allowed to play out. The AEMC's own analysis appears to suggest consumers value a 'reasonably priced' default offer (see VDO uptake, AEMC p.67).

3. Review regulations regularly

Fine. But no big wins here.

4. Energy Made Easy (EME) upgrade

Okay. But EME has never had a significant impact on overall consumer behaviour or market outcomes. Comparator sites, while useful for some customers, have demonstrably failed to address the system-wide ‘matching problem’ (ensuring customers are on contracts well-suited to their circumstances).

5. Reform network tariff design (increased fixed charges)

A nod to the inevitable, perhaps? But the draft report is conspicuously lacking evidence, distributional analysis, consideration of options, or strong economic foundations. The additional proposal for incentive payments to networks for efficient tariff design is absurd.

6. Design network tariffs for services providers (not customers)

Can’t tell. The report simply asserts customers would benefit. It lacks any analysis of the likely conduct of profit-maximising, risk-minimising service providers operating in a somewhat oligopolistic-like market, facing increasingly volatile input prices, and selling to customers largely overwhelmed by complexity.

In short...

The AEMC’s document does not meet the usual standards of a draft report. Rather, it reads as an assortment of high-level ideas, apparently and disconcertingly “developed...in partnership with industry”. (para 87, p.xii)

Article in The Energy, 22 January 2026

Pricing reform needs stronger foundations

There's a lot missing from the AEMC's pricing review paper, making it an inadequate starting point for serious reform writes Ron Ben-David in this guest post.

https://theenergy.co/article/pricing-reform-needs-stronger-foundations?utm_source=convertkit&utm_medium=email&utm_campaign=Rule%20maker%20cal led%20to%20account%20-%2020448934

The old timers who created the national electricity market will tell you that enormous effort went into designing the wholesale market and network regulation. They'll also tell you that although creation of the retail market wasn't quite an afterthought, it was predicated on the simplest of simple assumptions – lower the barriers to entry for new retailers and consumers and competition will take care of the rest.

A quarter of a century later, it seems little has changed.

Late last year, the [Australian Energy Market Commission](#) (AEMC) released a draft report into its [review](#) of “Electricity pricing for a consumer-driven energy future”.

Four noteworthy words are repeated four times in the report: “We rely on competition”.

It's worth asking who is “we”? Is it just referring to the AEMC, or someone else? And what exactly does “rely” mean? Is it a declaration of certainty or a statement of faith? And then there's the reference to “competition”. In fact, between its covers the report mentions competition an astonishing 308 times. The report doth insist too much, methinks.

The report makes many bold statements and predictions about the consumer energy market with little substantiation. Its six recommendations are largely ideas that have been around for some time, yet the report offers no new testing of these ideas.

At its core, the report lacks a comprehensive, contemporary and evidenced framework for thinking about the consumer energy market. Here are five examples.

First, the report is unclear about where it stands on pricing.

On the one hand, it boldly establishes its reliance on competition. Usually this means allowing the market to self-organise in response to its supply and demand conditions, with prices emerging to reflect that outcome.

Yet at the same time, the AEMC states its desire to use pricing to actively influence consumers' demand and supply decisions. For example, it declares it wants to "reward consumers for activities that are valuable in achieving a lowest-cost system". Which of these is it to be? Competition, or regulatory oversight over pricing?

Second, the report leans heavily on using price signals (130 mentions) to guide the market toward the lowest-cost energy system.

There is probably merit in the claim that price signals can be used to "place downward pressure on costs for all consumers". But the report glosses over the difference between system costs and the prices faced by individual consumers.

The report also fails to recognise that price signals result in two-way information flows. How customers respond to price signals also informs service providers about their opportunity to extract rents (unearned or excess revenues) from those customers. Report after report from the last 25 years demonstrate the AEMC cannot "rely on competition" to minimise these rents.

Third, the draft report barely touches on the primary failure of the consumer energy market, namely, the 'matching problem' whereby consumers fail to find a suitable contract for their circumstances.

The report rightly acknowledges the "proliferation of new and increasingly complex offerings" and how that complexity results in a "negative consumer experience".

Having done so, the report then proposes reforms for network tariffs that risk fuelling even greater complexity. The report's other recommendations offer only the narrowest of remediations against this burgeoning complexity and, of course, history has shown competition does not solve complexity in this market.

Fourth, the report continues to contemplate electricity as an ordinary consumer market – in effect, no different from the market for brioche buns or foot massages.

Statements such as, "[We] envision a dynamic energy services market that delivers value and meets the preferences of different consumers," completely miscomprehends the true nature of this market.

Consumers do not shop around for electricity. They shop around for a pricing structure that reflects their actual (or hoped-for) energy profile. Misalignment between an energy contract and a consumer's profile exposes the consumer to financial risk. Put simply, shopping around for an energy contract is an exercise in managing financial risk. It has nothing to do with utility maximisation or consumer preferences as the report suggests.

Fifth, the draft report takes as given that its proposed interventions work as expected. The report never asks: What could go wrong? For whom? What are the necessary conditions for success and are they satisfied?

The report does not ask how profit-maximising-risk-minimising service providers will really respond to its recommended reforms. The report never asks, “How do we know we’re right?” Everything is just assumed to fall into place.

The report’s optimism bias may make for good reading, but it does not make for good market or regulatory design.

The consumer energy market did not emerge through an organic process of potential sellers and buyers negotiating the terms of settlement over time. Instead, it is conjured into existence by its rules. Those rules enable, permit and encourage every observed consumer outcome. That means the rule maker bears responsibility for how consumers experience the market.

Before all else, the AEMC must put forward a deep and realistic framework for understanding and thinking about the consumer energy market.

From: Ben-David, Ron (Jan 2024) *Meditations on an imaginary electricity market*.¹

Can the regulatory system change itself from within? Hmm...

The NEM's institutional arrangements reflect the steady-state conditions which held sway when the NEM was created. At the time, the system's inputs and outputs were known with near-certainty so there was little more for regulators to do *other than* promote efficiency. Competition was the vehicle assumed to achieve this objective. Institutional arrangements were consequently designed to promote competition wherever possible; and where competition was not possible, institutional arrangements were established seeking to mimic competitive outcomes.

Institutional arrangements always and everywhere reflect a knowledge system. Knowledge systems consist of definitions, axioms, assumptions and rules of inference (or reasoning). These elements of a knowledge system frame, guide and restrict how a problem is understood, how potential responses are formulated, and how every decision is made.

For the past century, philosophers have grappled with questions about whether a knowledge system can challenge and modify its own axioms, assumptions and rules of inference. The answer is far from obvious. It requires a knowledge system to possess something called 'meta-reasoning' and the capacity for introspection.

Regulators established to promptly solve problems through rules and regulatory processes would become highly inefficient if they entangled themselves in higher-order reasoning about their own thought processes when confronted by a regulatory problem. To be clear, this is not a criticism of any one or more of today's energy market regulators. As the colloquialism states, 'They are what they are'. And they are what they are for a reason – but that reason belongs in, and was enabled by, the steady-state conditions of the 1990s and 2000s. Those conditions no longer exist.

In more recent times, the energy market regulators have become very fond of asking whether their rules and regulations remain "fit for purpose". Nary a regulatory report is published these days without these three little words. ... These meditations and recent history highlight the severe inadequacy of this question. **Focusing on whether rules and regulations remain fit for purpose is totally inadequate because it omits the questioner from the question. It exempts the regulators, and everything the regulators think they know, from scrutiny and challenge.**

¹ Available at: https://www.monash.edu/_data/assets/pdf_file/0011/3537119/Meditations-on-an-imaginary-Electricity-Market.pdf — Meditation XV

The energy transition urgently demands an answer to a more profound, critical and introspective question.

Can the knowledge system at the heart of the NEM's institutional arrangements genuinely examine and *re-form* itself from within?

Until this cardinal question is answered, reviews into whether rules and regulations remain fit for purpose are just a way to pass the time.

Note (February 2026)

Like many of its predecessors, the AEMC pricing review draft report (December 2025) also repeatedly refers to the need for a fit for purpose set of arrangements. For example, when it refers to, "These opportunities cannot be fully grasped without a fit-for-purpose pricing framework." (p.12)