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Australian Energy Market Commission
By: www.aemc.gov.au/contact-us/lodge-submission

Dear Drew

Response to the AEMC Pricing Review Draft Report

Thank you for the opportunity to respond to the [Australian Energy Market Commission \(AEMC\) Pricing Review Draft Report](#) (the Report).

This submission is provided by The Energy Charter on behalf of the Industry Collaborators in the [#BetterTogether \(#BT\) Customer-Led Tariff initiative](#) – namely Essential Energy, EnergyAustralia and SA Power Networks. We welcome the opportunity to provide this joint response to the Report and to reflect on how this collaborative work aligns with, and can contribute to, the AEMC ongoing review. This submission is informed by our key learnings from the #BT Customer-Led Tariff initiative and we have provided our views on the three themes of the Report’s recommendations.

At the outset, our Industry Collaborators appreciate the AEMC acknowledging the importance of evolving electricity pricing frameworks to better suit a consumer-driven future and for recognising the beneficial role that tariff and retail pricing innovation can play in Australia’s energy transition.

1. Theme 1: Harnessing competition

Harnessing competition amongst energy service providers (ESPs) is important to deliver what customers expect. In the #BT Customer-Led Tariff initiative, we have explored customers’ preferences and customer-led design principles with the guidance of a Customer Outcomes Group (COG) (discussed below). In summary, customer expectations on retail offerings are that they are:

- Easy to understand, explain and compare
- Available to all residential and small business customers
- Affordable and ensure no one is left behind
- Predictable over time with clear and consistent bill amounts and no surprises
- Supportive of customer agency and enable meaningful choice.

Feedback suggests that subscription-type pricing is consistent with encouraging more predictable pricing for customers. However, subscription-type pricing may be valued by some, but others may prefer retail plans that carry volume risk. This reinforces the need for optionality rather than standardisation.



As Consumer Energy Resources (CER) continue to grow, smart meters are rolled out and digitisation of the sector expands, both customers and ESPs can expect more exciting and personalised retail plans. Value can be expected and created in different ways.

Insights from Stage 2 of the #BT Customer-Led Tariff initiative highlighted that ESPs can be the price “managers” for both wholesale and network price signals. Hence, the development of ESP expertise around energy supply optimisation translated into predictable and easy to understand plans, is crucial.

Our Industry Collaborators are of the view that this is starting to evolve now.

Retailers are currently implementing the recently introduced round of retail reforms intended to materially reshape retail market settings. Once implemented (starting from 1 July 2026) and embedded within the next few years, they can materially reduce the risk of customers paying higher prices due to disengagement.

Our Industry Collaborators support the idea that a competitive retail market that has regulatory incentives to create a diverse range of retail plans can meet customer expectations, and that it is also capable of managing complex pricing signals to ensure costs are as low as possible through the energy transition.

The AEMC Recommendation for same plan: same price, could promote a form of competition that encourages plan differentiation. Drawing on learnings from the initiative, we offer the following regulatory reflections:

- Given the reforms already underway to minimise impacts from disengagement and a natural evolution of the market, the AEMC could pause on the implementation of Recommendations 1 and 2.
- It could focus on Recommendation 3 and undertake an assessment of the effectiveness of the current rules following these recent retail reforms, consulting more widely to consider whether Recommendations 1 and 2 are still required.

2. Theme 2: Making it easier to compare

In an evolving retail market, consumer demand and generation may become more variable in response to price signals. Recommendations 5 and 6 are likely to encourage this. They can lead to the development of more diverse forms of value; value that combines yesterday’s behaviour with tomorrow’s possible reactions to price incentives.

Our Industry Collaborators encourage investment in Energy Made Easy (EME) by the Australian Energy Regulator (AER) be guided to ensure EME does not inadvertently force ESPs into a narrow set of value structures. There could be flexibility in EME to reflect that not every plan will neatly fit into EME.

3. Theme 3: Reward consumers

Our Industry Collaborators support, in principle, the two recommendations provided in the Report under Theme 3: focusing network tariff design on efficiency and fairer cost recovery and focusing network tariff design for ESPs. However, they are concerned about the AEMC vision to narrow the scope of efficient network tariff design to a single type of network tariff.



A retailer-led CER orchestration plays a crucial role in improving network utilisation and delivering a least cost energy transition. The Review Team may wish to further consider several observations from the #BT Customer-Led Tariffs initiative Stage 2 independent modelling results. In particular, the modelling showed that network pricing designed for retailers facilitates CER orchestration and encourages demand shifting when retailers respond to network pricing signals. A key observation from a network tariff design perspective is that tariffs with sharper pricing signals and variable components provide incentives for CER orchestration and can lead to reduced or delayed network augmentation which ultimately benefits all consumers. Therefore, further analysis from the AEMC on the effectiveness of a largely fixed network tariff in improving network utilisation and/or delivering the least-cost outcomes for consumers is encouraged.

The modelling also further demonstrates that innovative network tariff designs, such as tariffs based on more locational or portfolio-based tariff constructs, have the potential to encourage retailer-led CER orchestration and support the development of retail subscription plans. Therefore, the AEMC may wish to assess whether the current pricing rules and principles are sufficiently flexible to accommodate diverse network tariff design options. To incentivise retailers to orchestrate CER, networks could consider both tariff-based and non-tariff approaches such as reward-based payments.

The focus of network tariff design by networks is for retailers. Increased collaboration between networks and retailers is essential for future network tariff design.

Since 2024, our Industry Collaborators have been collaborating on this #BT initiative with support from the COG, a group comprising a mix of consumer and broader industry stakeholders. This reinforces the value of meaningful collaboration between networks and retailers which could be further supported by a set of ESP impact principles developed by the AEMC.

Network engagement with ESPs can be encouraged to complement the existing consumer engagement processes. Furthermore, networks' consumer engagement could evolve to include more holistic discussions and a platform for appropriate advocacy rather than focusing solely on network tariff structures, ensuring that customers' preferences are considered in both network and retailer engagement processes.

4. Conclusion

In 2026, the focus of the #BT Customer-Led Tariff initiative is to support a series of consumer focus group sessions and paper trials to understand the impacts of different network tariff and retail pricing packages to inform future network tariff designs and retail pricing. We will also explore the possibility of an AER Sandbox Trial to help understand whether any current rules could benefit from modification.

Our Industry Collaborators are committed to working together to genuinely explore and test future network and retail pricing that is customer-led and least cost for all energy consumers.



We welcome further engagement with the AEMC Pricing Review Team on key topics raised in this submission.

Your sincerely

Bec Jolly on behalf of our Industry Collaborators

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