

Pricing review – Public forum Q&A (April 2026)

This document provides responses to questions received at the Pricing Review public forum held on 23 April 2026, which focused on our modelling of distributional impacts of network pricing reform, as well as the analysis we commissioned from HoustonKemp Economists outlining options to protect consumers against potential bill increases.

The public forum was well attended and attracted a significant level of engagement, comments and questions. This document sets out questions we received and our answers. We received a large number of similar questions from stakeholders and have therefore grouped these by theme. Our responses are offered below by theme to avoid repetition. These responses reflect our staff-level views on these questions.

These responses draw on answers provided during the forum, including live responses, and include some clarifications following the forum where this assists stakeholders. These responses should be read alongside the modelling and consumer protections reports published on the day of the forum.

We note that stakeholders also provided ‘feedback’ or ‘comment’ at the public forum. These are not reproduced here; instead, we are taking these into account as we prepare our final report.

THEME	EXAMPLE QUESTIONS	ANSWER
MODELLING – ASSUMPTIONS, DATA AND TRANSPARENCY	What assumptions were made? Are fixed costs assumed to be the same for everyone?	<p>The modelling assumes:</p> <ul style="list-style-type: none"> • Retailers fully pass through changes in network charges. • We considered three different fixed network charge targets (50%, 80% and 100%) to provide a range of estimates. A target of 80% fixed network charges, for instance, means that by a certain date, 80% of the average customer’s total annual network bill will consist of a fixed charge, and 20% of the bill will consist of a usage charge. Our modelling assumes that under a given reform scenario (e.g., 80% fixed network charges), all residential customers on a given tariff and under a given DNSP incur the same fixed network charge and the same network usage rates.

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	<p>What data did we use? Why did we use data from DNSPs? What costs did we model?</p>	<ul style="list-style-type: none"> • Assumptions that inform the payback period and cameo charts can be found in the methodology report of the AEMC’s 2025 Residential Electricity Price Trends report. • To project network tariffs into a future without network tariff reform, we calculated usage rates by dividing each DNSP’s projected revenue by AEMO’s 2025 ESOO consumption projections, while fixed charges are calculated by dividing the remainder of this revenue by customer number projections. <p>While the modelling assumes this to illustrate the impacts of reform on customer types, we are still considering the appropriate policy position for this. These assumptions are deliberately conservative and are used to identify where impacts could arise if reforms were implemented without mitigation.</p> <p>Our draft report set out our vision for future tariffs that include a “fixed” component to recover most of a networks’ revenue requirement, with this fixed charge varying across customers i.e. not everyone would face the same fixed charge.</p> <p>The accompanying work that we commissioned from HoustonKemp explores the implications of this analysis by presenting options to protect against potential adverse consumer bill impacts associated with network tariff reform.</p> <p>Four key data sources were used: (as identified in the report)</p> <ul style="list-style-type: none"> • Price trends methodology which incorporates ISP data • Project Edith insights report • Energia’s benefit analysis of load-flexibility from consumer energy resources • A sample of customer-level meter data provided to the AEMC by DNSPs from 1 July 2024 to 30 June 2025. This data was used to estimate the real-world distributional impacts of reform.

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	<p>What does the AEMC mean by dynamic pricing? Is the AEMC prescribing a particular tariff structure? How would DNSPs move toward dynamic pricing given existing incentives?</p>	<p>The data provided to us by DNSPs was provided to inform our analysis. It was provided on the basis that we would treat that data as confidential. The modelling identifies the benefits and does not include costs.</p> <p>Potential costs of our proposed network reform would include upfront or implementation costs to upgrade IT systems, as well as ongoing costs to administer prices and tariffs. We chose not to include these costs in our modelling since doing so would have required us to make increasingly speculative assumptions that would have reduced, rather than increased, the analytical robustness of our modelling.</p> <p>As we outlined in our draft report we consider that future network tariffs will have two key components: a fixed component and a dynamic tariff component.</p> <p>A fixed network charge does not vary with a consumer's level of grid usage.</p> <p>Dynamic network tariffs are those that change based on geographical or temporal conditions. For example, a dynamic congestion tariff might signal to customers in a particular geographic area that the network is experiencing congestion at a particular time (signalled through a high consumption charge) and isn't experiencing congestion at another time (signalled via a low or zero consumption charge).</p> <p>Responses to these signals are expected to drive more efficient use of, and investment in, the network over time, which has flow-on benefits for all customers. For example, the presence of high dynamic network charges in a particular network location may signal the need for investment in that part of the network.</p>

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		<p>As set out in our draft report, the intention was that networks would design dynamic tariffs for energy service providers, who would then package those signals up to develop offers for customers.</p> <p>We are not prescribing specific tariff structures – instead, we are setting out our view on what the guiding objectives and principles should be.</p> <p>Our vision for dynamic pricing represents a long-term direction.</p>
	<p>How have we modelled dynamic tariffs? Did we model the Solar Sharer? What tariffs did we model?</p>	<p>We did not explicitly model what dynamic tariff rates could be, or when they could bind across the DNSPs we modelled.</p> <p>Instead, we used previous analysis completed by the networks, and by Energia, on the benefits of dynamic pricing/demand flexibility. We applied those estimates on a per customer basis, and projected how the uptake of home batteries, in particular, could be used to alleviate the need for network augmentation based on data around peak network usage across each DNSP. To model battery uptake, we assume an uptake of batteries consistent with 2 million home batteries in 2030, and thereafter, battery uptake matches the recent observed rate of solar uptake.</p> <p>Because we did not separately model dynamic tariff rates, in many charts (for example, those on slides 17-19 and 22-26), we have separated the impacts of transitioning gradually to fixed charges from the analysis of the benefits of dynamic charging.</p> <p>The Solar Sharer Offer was not modelled in our analysis.</p>
	<p>Why have we used data from Project Edith? Is this</p>	<p>Cameos and paybacks were modelled using current and projected time-of-use retail tariffs for residential customers in NEM capital cities.</p> <p>Project Edith is an ARENA-funded trial in which Ausgrid tests dynamic network prices that vary based on forecast local network conditions. We consider that</p>

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	<p>representative of the dynamic component that we expect?</p>	<p>the outcomes being tested in the trial could broadly reflect the type of network tariff that could emerge in the future if our proposed network pricing reforms were introduced.</p> <p>The tariffs as part of Project Edith – described in Chapter 4 of Ausgrid’s report – are just one example of a way that dynamic tariffs could be implemented – with a higher fixed charge component, a low (near-zero) flat usage charge (variable component), and a dynamic charge that varies according to network congestion. They are described in Chapter 4 of the following report. We consider that this is consistent with the scenarios we considered in the modelling report.</p> <p>The exact nature of the dynamic tariff component is still to be worked out – and could vary across networks. Our draft report set out that we consider the dynamic charge would reflect that when there is more demand for network use that can be transported, there will be rewards for meeting the needs of the network (e.g. payments for exporting or consuming, depending on the nature of the congestion). These rewards would be mirrored with charges for the export or consumption that strain the network at that time and place.</p>
	<p>What is the share of customers for each cameo presented?</p>	<p>We tried to capture key household types to highlight where the reforms support better outcomes and areas where additional protections might be needed. We welcome feedback on what other cameos we might investigate.</p> <p>The types of households modelled are not exhaustive.</p>
	<p>Has the AEMC modelled the equivalent impacts on energy efficiency investments that reduce electricity consumption?</p>	<p>We have modelled the energy-efficiency gains stemming from appliance and vehicle electrification (e.g. moving from a petrol vehicle to an electric vehicle; or replacing a gas heater with an electric heater) in our payback period and cameo charts.</p> <p>We did not model upgrades to a dwelling’s thermal efficiency or replacements of electric appliances with more efficient electric alternatives.</p>

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COSTS AND BENEFITS	Will the final consider the costs of the different reform options?	<p>The final review will not seek to specifically quantify the implementation costs of individual recommendations.</p> <p>As this is a review, any changes would need to be delivered through rule change processes. Any rule change proposals to implement reforms would be considered against the National Energy Objectives to ensure they are in the long-term interest of consumers, which would include consideration of implementation costs.</p>
CONSUMER PROTECTIONS	<p>How will risks be managed for low-use, vulnerable or disengaged consumers?</p> <p>How does the AEMC balance efficiency with consumer protection?</p>	<p>Our modelling shows that some customers could face higher bills. For these customers, there will likely be a need for accompanying protections.</p> <p>Our analysis helps us understand the impacts so that any measures we introduce are well-designed.</p> <p>The report by HoustonKemp sets out possible options that could be used to provide protections. We are seeking feedback on that report and will set out our views on what would be the most appropriate protections in our final report.</p> <p>Efficiency and consumer protection are not mutually exclusive. Identifying impacts helps ensure reforms are sequenced to maintain social licence while supporting long-term efficiency.</p>
RETAILERS	<p>Could property value, council rates, concession and rebates or the French network recovery system be considered to protect consumers?</p> <p>Have we tested that retailers can manage the risk of network tariffs? Will</p>	<p>Yes, the work by Houston Kemp sets out these as options that could be considered.</p> <p>Retailers' ability to manage network tariff risk has not been empirically "tested" through implementation or trials as part of this review. The modelling deliberately does not model such innovation, so any innovation would be additional to the impacts presented.</p>

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CER AND ORCHESTRATION	this be aligned with consumer outcomes?	Alignment with consumer outcomes is being considered through the design of consumer protections and retail obligations, rather than assumed as an automatic outcome.
	Should we consider people's ability to respond to tariff types as a protection matter?	The modelling assumed that retailers would pass through the network tariff change, though this is not necessarily what we would expect to occur if reforms are implemented. Retailers may or may not pass the network tariff change through. This is something we will consider further ahead of the final report. The report by HoustonKemp set out the possible risks and options that could be used to provide protections.
	Given current low uptake of VPPs, what role does coordination realistically play?	We expect that, as they do now, retailers would variously seek to manage input costs, including network tariffs, and offer customers different plans based on their needs and preferences. The reforms aim to harness the full value of CER and better reward consumers for using CER in ways that support the grid and reduce overall system costs. Coordination arrangements such as VPPs may be one pathway for some consumers.
PROCESS - NEXT STEPS	Is the AEMC considering further consultation with industry before finalising its position?	Our intended next step is our final report, which will set out recommendations and strategic direction, but will not itself implement changes.
PROCESS – SUBMISSIONS	With a large number of submissions received, how	Any implementation would occur through subsequent processes, such as rule change requests, each subject to standard AEMC consultation requirements. All non-confidential submissions are published on the AEMC Pricing review project page here .

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TO THE DRAFT REPORT SCOPE – NETWORK REVENUE	<p>can stakeholders access them?</p> <p>How does this review address the amount that networks are allowed to recover?</p>	<p>The Pricing Review considers how network costs are recovered, not the quantum of costs that are permitted to be recovered.</p> <p>We agree with stakeholders that the recoverable amount is also an important question. That’s why we will soon initiate a holistic review of key components of the electricity network regulation framework to ensure it supports good consumer outcomes as the system changes. Stakeholders interested in this review should subscribe to our newsletter to receive future updates.</p>