

The pricing review: Final report

Energy pricing is too complex and too hard to manage at a time when people need it to be simple

Electricity pricing is widely seen as complex, confusing and hard to compare. Many people feel they should not need expert knowledge to find a good plan. Energy should be simple, manageable and suited to everyday life.

The AEMC heard that this creates a real burden for consumers. Many lack confidence in understanding offers, and comparison tools do not always help.

Consumers also feel the system penalises those who do not shop around. Longstanding customers may pay more simply for staying put, leading many to disengage and remain on familiar plans even when they suspect they are overpaying.

Consumers are driving the energy transformation

At the same time, the energy system is being transformed by consumers themselves. Millions of Australian households are generating, storing and managing electricity through solar panels, batteries and electric vehicles, with many more expected to follow. These changes are reshaping how energy is produced, used and shared across the grid.

This creates a significant opportunity. When consumers - households and small businesses - use, store or share energy in ways that reduce pressure on the grid, they help lower system costs, avoid unnecessary infrastructure and improve efficiency across the network. Furthermore, they can be rewarded for doing so. And as technology advances, this can be increasingly managed by devices and service providers, with consumers not needing to lift a finger.

Without reform, consumers will face increasing complexity and higher costs

Under the current framework, as more people generate their own energy, the cost of maintaining the poles and wires network is falling disproportionately on a subset of customers. This is despite the fact that we all still rely on the shared grid. Even consumers with CER who are largely self-reliant still need the grid to sell excess energy and to meet their electricity needs during times of high demand, for instance during prolonged cloudy spells.

If the pricing framework remains unchanged, customers will struggle to find suitable plans, innovative consumer offerings may struggle to compete, and electricity prices will be higher than necessary. This is not sustainable and does not deliver lower costs.

Pricing is a critical enabler in a system with millions of devices

Simple, well-designed pricing changes this. Smart devices and energy services can respond automatically to clear signals, shifting energy use, storing it, or feeding it back into the grid when it is most valuable. Complexity is managed behind the scenes, while consumers experience a system that is easy to navigate and fits into everyday life.

The result is a more efficient, lowest-cost and fairer system. Just as importantly, simplicity helps ensure these benefits are widely shared. A simple pricing system allows those who want to take a more active role to benefit from doing so, while ensuring those who prefer a straightforward, reliable service can still access good value.

The AEMC has made four recommendations to deliver simpler, fairer pricing

We are setting a direction for a simpler and more transparent energy market – one where plans are easier to understand, technology works in the background, and consumers can access good value without constant effort.

Our vision is an electricity services market that places consumers at its core:

Our vision would offer all consumers clear and meaningful choices, and build trust by doing so at the lowest sustainable cost. Proactive energy service providers would offer consumers simple and transparent energy plans that reflect their needs and behaviours without requiring constant engagement or expert knowledge. Consumers who make investments would have opportunities to earn proportionate rewards for actions that deliver benefits for both themselves and the broader community.

FOUR RECOMMENDATIONS TO DELIVER OUR VISION:

1	Shine a light on retailer behaviour that contributes to negative outcomes for loyal customers	Improving transparency and increasing scrutiny of the loyalty tax will encourage energy service providers to better serve loyal customers.
2	Make it easier for consumers to find electricity plans and services that suit them	Product and service comparison tools fully address consumers' information requirements, and support simple, meaningful comparisons in an evolving electricity market
3	Simpler energy plans, with complexity handled behind the scenes, to unlock the full value of a consumer-led energy system for everyone	Energy pricing will be simple for consumers, with the complexity managed in the background by providers and systems that are better equipped to handle it. Better harnessing CER provides better consumer rewards, and lower costs over time for everyone.
4	Regularly review customer outcomes to refine regulations and eliminate unnecessary red tape	This means removing rules that add cost or complexity without delivering benefits, and strengthening protections where needed. The result is a system that stays simple, relevant and focused on delivering consumer value.

Our four final recommendations form a coordinated package:

1. Shine a light on energy service provider behaviour that contributes to negative outcomes for loyal customers

We recommend that energy service providers should be required to:

- notify customers if they have been paying more than better available offers
- report on how many customers are affected and the scale of overpayment
- make competitive offers available to both new and existing customers

2. Make it easier for consumers to find electricity plans and services that suit them

We will work with stakeholders to assess what a fit-for-purpose comparison tool would look like in the future, including:

- the scope and quality of information necessary to allow consumers to confidently and easily compare and select plans and services
- consider appropriate funding mechanisms that could support the best possible tool for consumers

3. Simpler energy plans, with complexity handled behind the scenes, to unlock the full value of a consumer-led energy system for everyone

We recommend shifting pricing complexity away from consumers and onto energy service providers, to achieve:

- simpler, clearer plans for households and small businesses
- pricing that better reflects how the grid is used. We are proposing changes to how network costs are shared to better reflect the benefits different customers receive and provide from

connection to the shared network.

- stronger incentives to use, store and share energy in ways that lower system costs

Consumer protections would be integral to the reform package to maintain access to value and avoid unintended bill impacts.

4. Regularly review customer outcomes to refine regulations and eliminate unnecessary red tape

We will undertake ongoing reviews of consumer outcomes to:

- identify where regulation can be improved
- remove unnecessary cost and complexity
- ensure the regulatory framework continues to deliver value over time.

Stakeholder insights shaped our recommendations

Stakeholder input across consultations, modelling, public forums, advisory groups and nearly 200 bilateral meetings directly informed the Commission's final recommendations.

This level of engagement will remain critical as the reforms move into implementation. Ongoing collaboration with consumer representatives, market bodies, industry, and governments will be essential to translate these recommendations into changes that deliver real value for consumers.

Implementation will be gradual over the next decade and beyond

A gradual, coordinated approach is essential. Implementation will be staged over the next decade and beyond to manage transition risks, protect consumers and deliver lasting benefits.

Some reforms such as the AEMC regular review could be implemented soon, while others such as network tariff reform to make plans simpler will need to be introduced gradually over approximately ten years. Network pricing reforms to have simpler plans would be implemented in stages following any successful rule change process. All recommendations will require additional design and transition steps before they take effect, including coordination across relevant regulatory processes, and industry transition periods.

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