

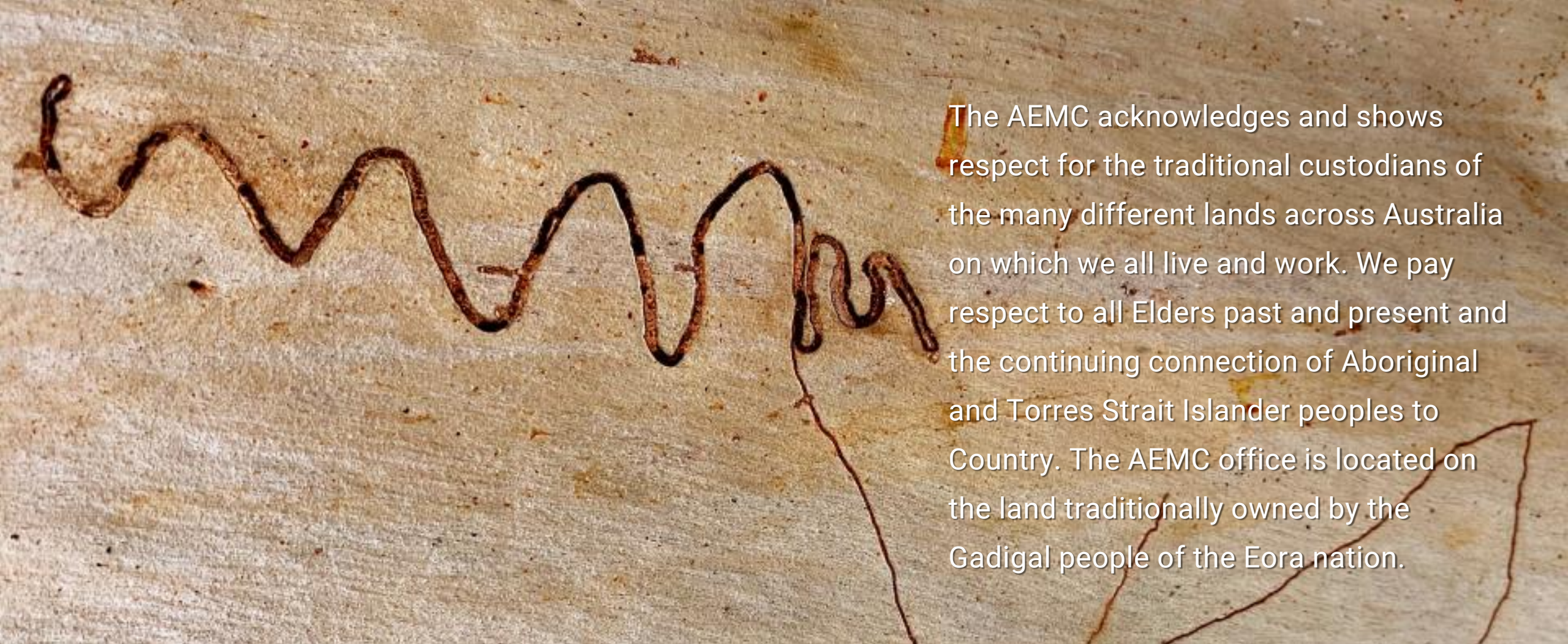
The pricing review: Electricity pricing for a consumer-driven future

Public forum – Consultation Paper

27 November 2024

Australian Energy
Market Commission

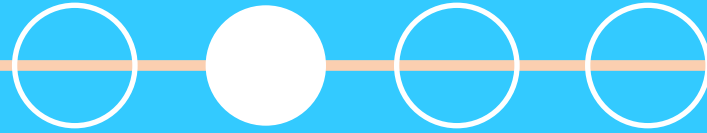




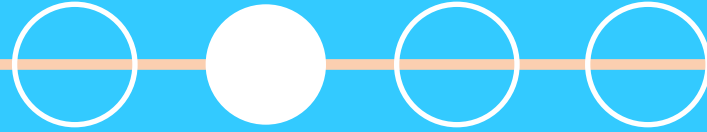
The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

AEMC

ACKNOWLEDGEMENT OF COUNTRY



Welcome



Today's purpose, housekeeping

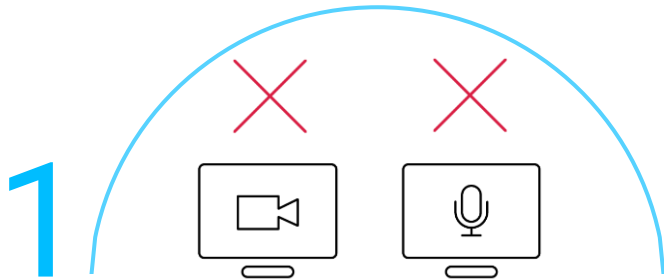
Forum agenda

	Item	Time	Presenter
1	<i>Welcome, introduction</i>	10:30 – 10:35	Sally McMahon, Commissioner
2	<i>Today's purpose, housekeeping</i>	10:35 – 10:40	Andrew Lewis – EGM Consumer Markets and Analytics
3	<i>Our approach to the Review</i>	10:40 – 10:50	Julia Cassuben – Project lead
4	<i>Questions we are asking about the future</i>	10:50 – 10:55	Drew Butterworth - Project sponsor
5	<i>Next steps</i>	10:55 – 11:00	Julia Cassuben – Project lead
6	<i>Facilitated Q & A</i>	11:00 – 11:30	All Facilitator, Andrew Lewis – EGM Consumer Markets and Analytics

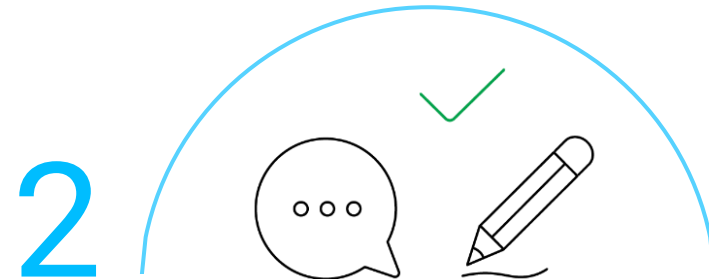
Purpose of today's forum

- Provide an overview of our consultation paper, including areas we are seeking stakeholder input
- Invite stakeholders' questions
- Discuss next steps

Housekeeping



Your cameras and
microphones will be
turned **OFF**



Please submit your
questions **IN WRITING**
in the chat

CONSENT TO USE OF PERSONAL INFORMATION

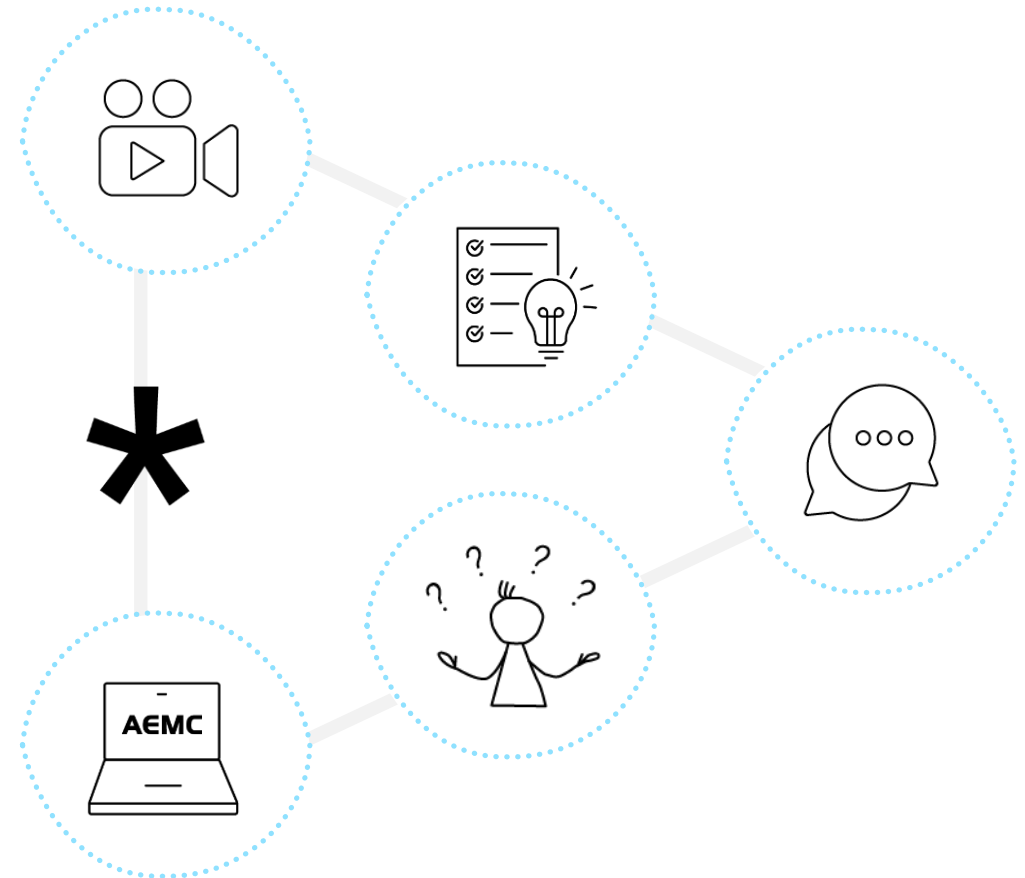


By participating in this workshop, you give your consent to our collection, use and disclosure of the personal information you provide to us during this workshop (like your name) for the purpose of completing our consultation and publishing our draft and final determinations and reports on this rule change or review.

This may include publishing a recording or transcript of the workshop, including your questions or comments. We will not publish any participant questions or comments that we consider inappropriate, including offensive or defamatory language.

Please read our [privacy policy](#) for more information.

We may publish a transcript or recording of this workshop, which may include your questions or comments



COMPETITION PROTOCOL

KEY PRINCIPLES



The AEMC is committed to complying with all applicable laws, including the ***Competition and Consumer Act 2010*** (CCA), during this forum. Breaching the CCA can lead to serious penalties for individuals involved in any breach (including large financial penalties and imprisonment for key individuals involved). This protocol governs the way in which discussions will proceed at this forum, and each attendee agrees to adhere to this protocol in order to comply with the CCA.

Each attendee must make an independent and unilateral decision about their commercial positions and approach in relation to the matters under discussion in this forum.

Attendees must not discuss, or reach or give effect to any agreement or understanding which relates to:

- **pricing** for the products and/or services that any attendee supplies or will supply, or the terms on which those products and/or services will be supplied (including discounts, rebates, price methodologies etc)
- **targeting (or not targeting) customers** of a particular kind, or in particular areas
- **tender processes** and whether (or how) they will participate
- any decision by attendees:
 - about the purchase or supply of any products or services that other attendees also buy or sell
 - to not engage with persons or the terms upon which they will engage with such persons (i.e. boycotting); or
 - to deny any person's access to any products, services or inputs they require
- **sharing competitively sensitive information** such as non-publicly available pricing or strategic information including details of customers, suppliers (or the terms on which they do business), volumes, future capacity etc
- **breaching confidentiality obligations** that each attendee owes to third parties.

COMPETITION PROTOCOL

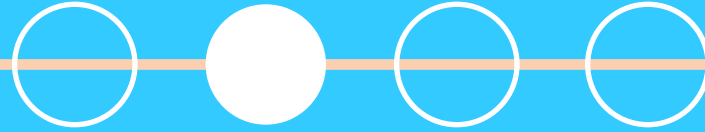
COMMUNICATION AND MEETING GUIDELINES



Attendees must ensure that all communications (including emails and verbal discussions) adhere to the ***Key Principles***.

This forum will be conducted in accordance with the following rules:

- The agenda for this forum does not include anything that could contravene the Key Principles set out in this protocol.
- We will read and minute the below *competition health warning*:
 - Attendees at this forum must not enter into any discussion, activity or conduct that may infringe, on their part or on the part of other attendees, any applicable competition laws. For example, attendees must not discuss, communicate or exchange any commercially sensitive information, including information relating to prices, marketing and advertising strategy, costs and revenues, terms and conditions with third parties, terms of supply or access.
 - Participating in this forum is subject to you having read and understood the protocol including the Key Principles.
- We will keep accurate minutes of the forum, including details of attendees.
- If something comes up during the forum that could risk contravening any competition laws, attendees should:
 - Object immediately and ask for the discussion to be stopped.
 - Ensure the minutes record that the discussion was objected to and stopped.
 - Raise concerns about anything that occurred in the forum with their respective legal counsel immediately afterwards.
- All attendees understand that any competitively sensitive matters must be subject to legal review before any commitment/agreement can be given.
- Any decision about whether, and on what terms, to engage with customers and suppliers is an independent and unilateral decision of each attendee.



Our approach to the Review

Background and context

We initiated a review to look at electricity pricing

In the context of this review, electricity pricing refers to network and retail tariffs, how these interact, and how they can operate together to facilitate the design and offering of electricity products and services for consumers.

- **25 July** – we published a draft ToR to seek stakeholder feedback
- **7 November** – we published a final ToR and consultation paper

The Review is a key part of the AEMC CER work program and broader CER roadmap

The Review has three key focus areas

1. **Market arrangements** that provide for consumer choice between a range of appropriate products, services, and associated pricing structures that suit their preferences
2. **The role of distribution networks** in enabling the right products, services, and incentives for consumers, and the efficient cost and pricing outcomes that result
3. **The role of retailers and energy service providers** in effectively packaging and pricing electricity products and services to match consumer preferences

We are taking a future-focused approach for this review



○ Our energy system is rapidly changing

- millions of households are taking up CER
- technology is opening up new opportunities
- governments have committed to net zero.

The frameworks we have in place were built largely for the legacy system, where energy flowed in one direction.

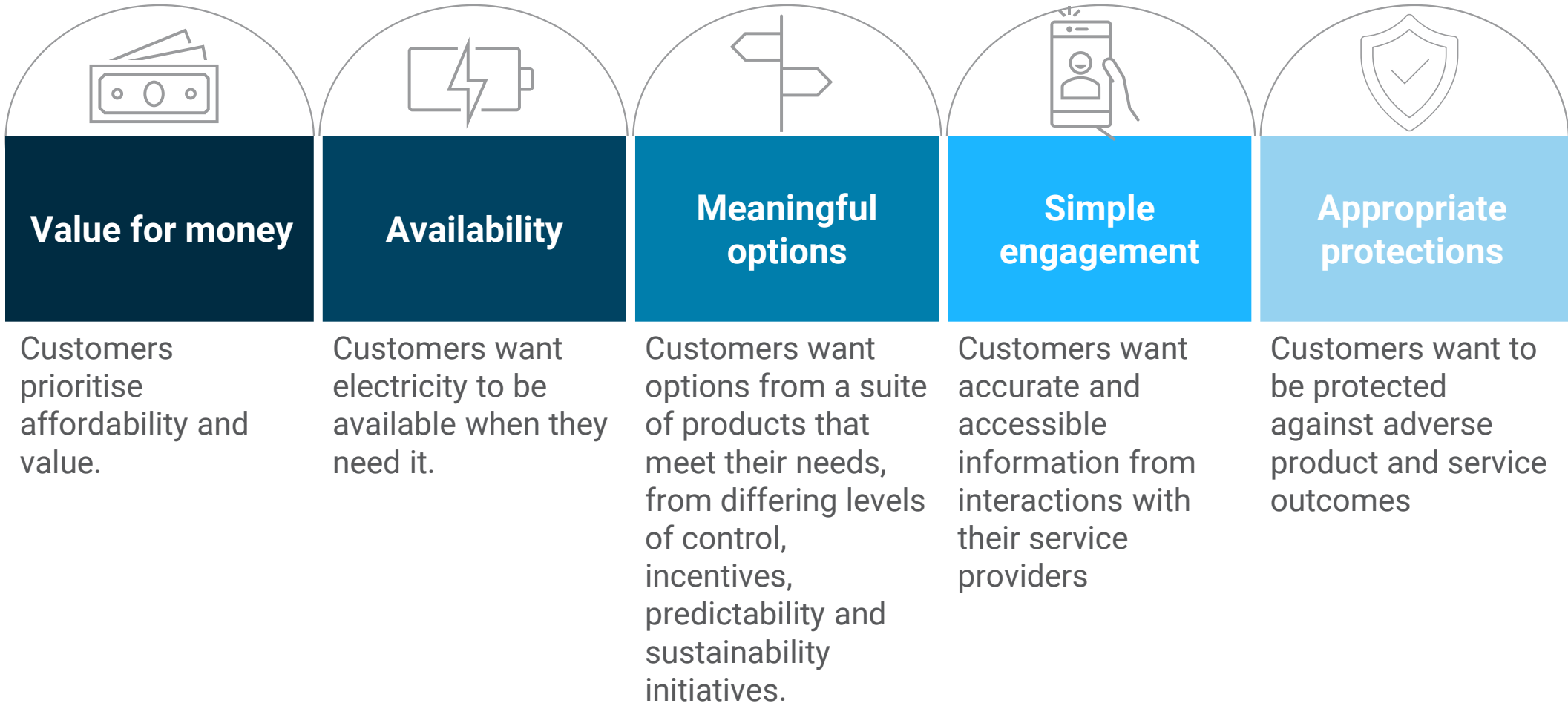
○ To deliver good outcomes, we need to look to the future

- If we only contemplate issues with existing arrangements, we risk missing the big opportunities the future presents
- We must take a future-focused approach to meet the wants and needs of future consumers

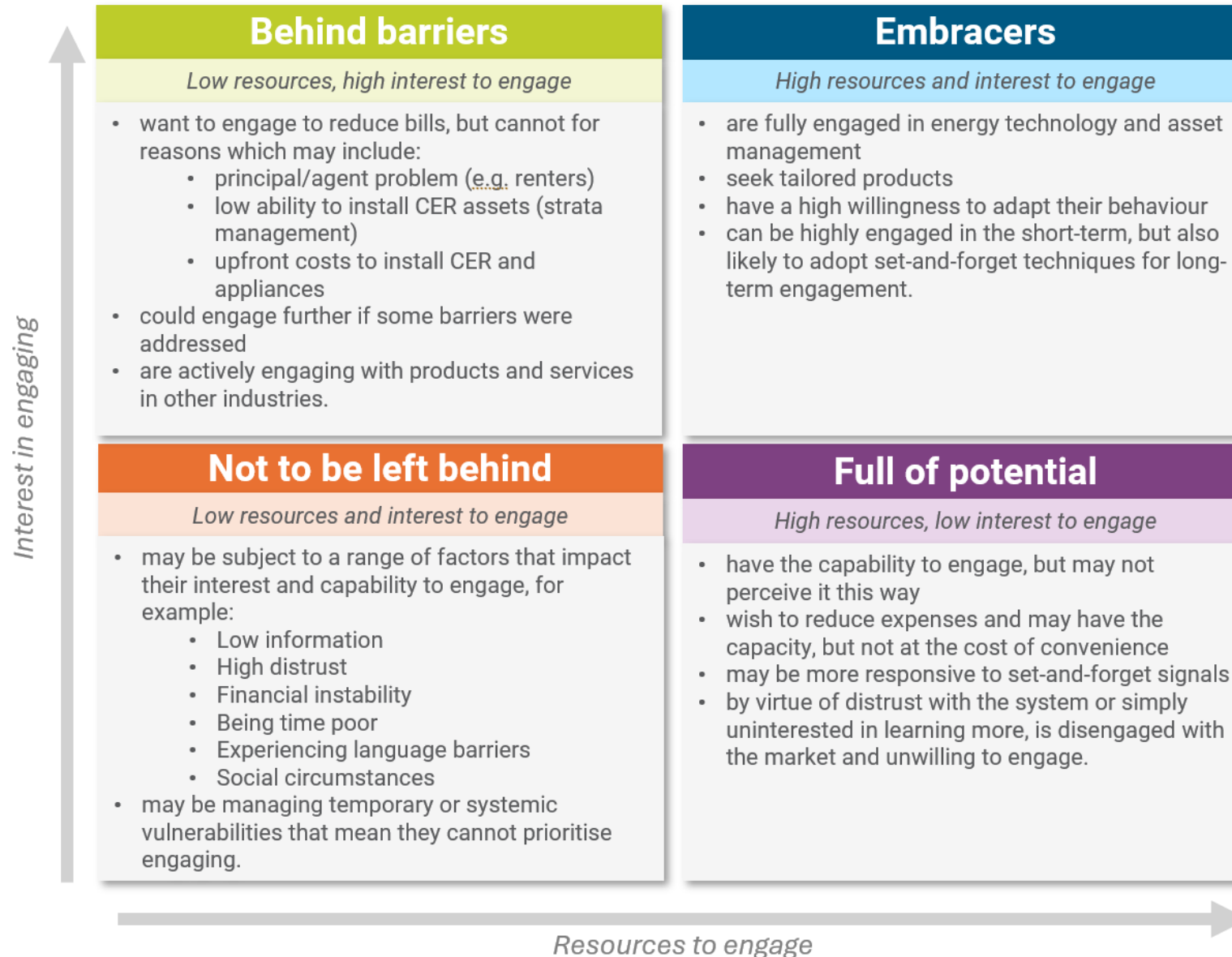
We invite feedback on our proposed approach for the review

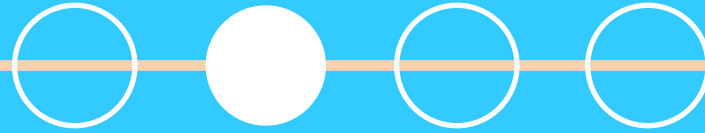
Consultation Paper – Nov 2024	1 Consider the preferences of a diverse range of consumers	<ul style="list-style-type: none">develop Consumer Preference Principles (CPPs) which capture customer wants and needsdevelop Consumer Archetypes which capture the diversity of customers
	2 Invite input on potential future offerings and pricing structures	<ul style="list-style-type: none">invite input on what potential future products, services, and pricing structures may look like in the future
Directions Paper - Apr 2025	3 Identify barriers to implementing types of potential future offerings	<ul style="list-style-type: none">identify barriers to delivering different types of future offerings, including regulatory barriers to implementation
	4 Assess potential future frameworks and solutions	<ul style="list-style-type: none">develop potential regulatory and market solutions to address barrierstest potential solutions against CPPs and consumer archetypes to identify what approaches are efficient and effective in meeting future consumer needsidentify gaps and test for consistency and conflicts
Draft Report – Sep 2025 Final Report – Mar 2026	5 Deliver recommendations	<ul style="list-style-type: none">make recommendations to address identified barriers and deliver market and regulatory solutions that align with a broad range of future consumers' preferences

We invite feedback on the draft Consumer Preference Principles



We invite feedback on our proposed Consumer Archetypes



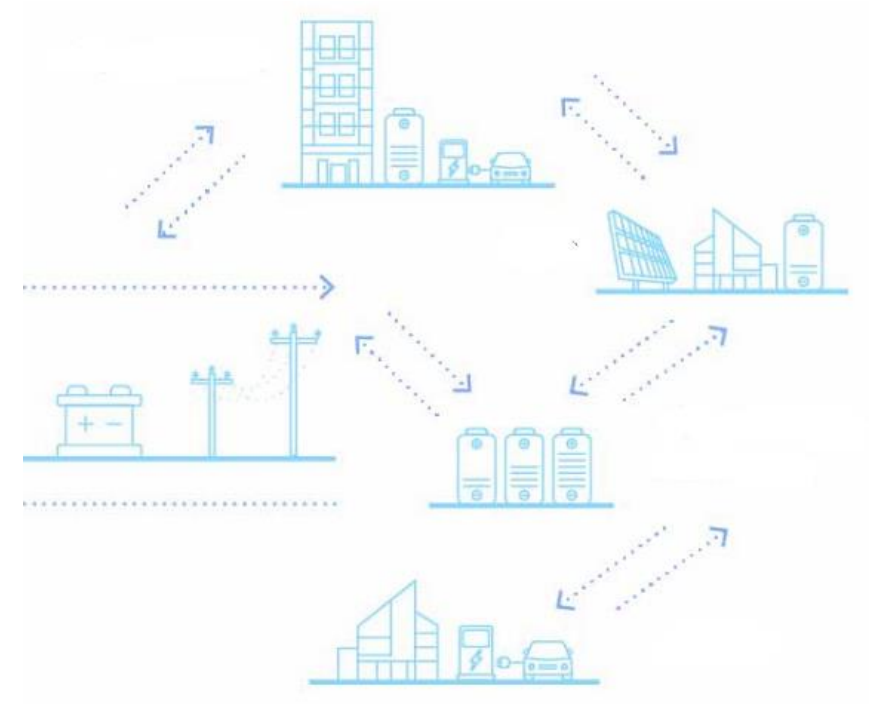


**We are seeking
stakeholder input on what
the future could look like**

We invite feedback on what the future could look like

Identifying future products, services, and pricing structures

- We would like stakeholders to challenge us to imagine the widest range of products, services, and pricing structures consumers may choose between in the future.
- This will help us identify the right solutions to deliver these offerings.
- Engaging in these fundamental questions will help mitigate the risk that we anchor our thinking in how things are done today.



The consultation paper contains a range of questions about the future

Future products, services, pricing structures and protections

We want stakeholders to help us imagine the widest range of possible future products, services, and pricing structures.

- How could they be presented to serve future consumers?
- How could consumer protections be balanced to enable further innovation in a future retail electricity market?
- What barriers will need to be addressed to deliver them?

Network pricing outcomes

What should network tariffs look like in the future?

- What are the key choices and trade-offs we should consider when answering this question?

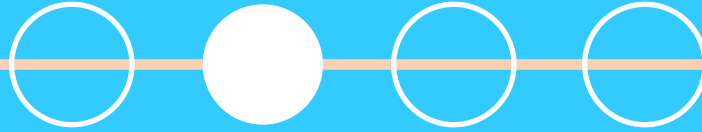
The roles of energy supply businesses

How should the role of energy supply businesses evolve to meet customer and energy system needs in the future?

- What changes might be required in the future to the interfaces between different energy supply businesses?

Next steps

- ***Consultation paper submissions*** close 12 December 2024
- ***Continue Stakeholder Engagement*** with Advisory and Stakeholder Reference groups.
- ***Publish Directions Paper*** (April '25)



Q&A

Panel

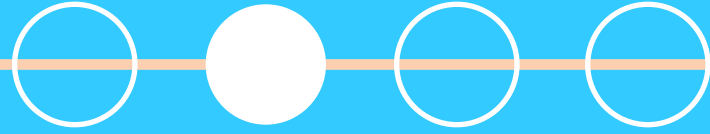
Sally McMahon, Commissioner

Andrew Lewis, EGM Consumer, Markets & Analytics

Drew Butterworth, Project sponsor

Julia Cassuben, Project lead

Zak Rich, Market Specialist



Thank you



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