

[Forum Summary - The pricing review: Electricity pricing for a consumer-driven future](#)

Overview

On 27 November 2024, the Australian Energy Market Commission (AEMC) hosted a virtual public forum on our consultation paper for *The Pricing Review: Electricity Pricing for a consumer-driven future*.

AEMC Commissioner Sally McMahon chaired the forum, which was attended by a broad range of interested stakeholders.

During the forum, stakeholders had the opportunity to ask the project team about the review and [consultation paper](#), which was published on 7 November 2024 alongside a final [Terms of Reference](#). We have consolidated questions addressed to the AEMC, and our responses.

Summary: Questions and answers

Stakeholders questioned whether CER will be necessary for the energy transition.

In practice, CER is being adopted by consumers at a rapid rate. A level of CER is also assumed in AEMO's ISP. Our review will therefore consider how this CER can be integrated in an efficient and coordinated way to reduce costs for consumers.

Stakeholders asked how the AEMC plans to use the long-term focus of the review as an opportunity to deliver pricing reform in a more equitable way.

All customers will benefit in the long term from a more efficient electricity system, though no two customers are the same. Our review will therefore consider the potential impacts of reform across a range of different customer types. Our consultation paper detailed and sought feedback on several proposed consumer archetypes, which we intend to use to assess impacts and outcomes across different customer groups.

Stakeholders asked whether the consultation paper's consumer preference principles will be weighted – for example, value for money and availability will likely be non-negotiables for many consumers.

We acknowledge that a large proportion of customers will just want energy to be available reliably and at an affordable price. However, at this stage we do not intend to weight the preference principles differently.

Stakeholders asked what proportion of consumers fall into each consumer archetype.

We are focusing on considering what the different types of customers are, rather than the proportion of customers that make up each type. We consider it is important that our decision-making and recommendations deliver good outcomes for all customer types, rather than prioritising some cohorts over others on the basis of assumptions around which customer types will be more prevalent at some future point in time.

Stakeholders asked whether there will be a focus on the role of retailers and retail pricing.

The review will have a strong focus on the role of the retailer as well as the interface between retailers and networks.

Stakeholders asked whether the AEMC will consider the ability of retailers to manage network price signals themselves.

Yes, the AEMC will consider a range of possible approaches and outcomes as we progress this review.

Stakeholders asked how the AEMC is approaching these big questions without considering how the revenue regulation of networks is determined, and what markets are available for consumers.

Whilst we acknowledge that market design concepts are interconnected, we also need to define and limit the scope of the review to ensure that both the review and reforms are deliverable. We note that we have expanded the way we think about market prices and offerings, relative to the *Distribution Network Pricing Arrangements* rule change completed in 2014.

Stakeholders noted that understanding what customers want is generally a function of markets, rather than regulators. They questioned the value of the AEMC attempting to forecast customer preferences, suggesting it may be more prudent to instead pursue enabling frameworks to allow businesses to respond through time to evolving customer needs.

We acknowledge that no one can perfectly imagine the future and the exact offerings that consumers may want. We agree that establishing enabling frameworks rather than prescribing specific products makes sense in this context. Our approach seeks to understand the potential landscape of potential future consumer preferences and offerings so that these enabling frameworks are sufficiently accommodating while also balancing the need for appropriate protections.

Stakeholders asked how the review will deliver good outcomes for all of the proposed archetypes regardless of how they engage with the energy system, particularly noting the lack of trust some customers have with the system.

We acknowledge that this is an important issue. Customers must trust the industry in order to have their assets participate in the system and support lower costs for all consumers over time. Therefore, understanding and seeking to address the trust deficit that currently exists will be important parts of this review.

Stakeholders asked how the Commonwealth Government's recently announced NEM wholesale market settings review will impact the scope and timeline of the AEMC's review.

At this stage, we do not consider that the Commonwealth Government's review will impact upon this review.

Stakeholders asked whether the AEMC will consider impediments to the efficient operation of energy markets outside of energy rules and laws.

The AEMC currently does not have a position on whether this review will make recommendations that go beyond the scope of the energy rules and laws, although this position will likely evolve as the review progresses and we receive further input from stakeholders. We note that generally, the remit of reviews can be broader than that of rule change projects.

Stakeholders asked whether the AEMC will investigate the electrification of gas and transportation loads as part of this review.

At this stage we do not consider that we will investigate this matter as part of this review, although we will take on board any relevant information we receive as part of the submissions process. We may also consider relevant macro trends as part of the review process, even if they are not the main focus of work.

Stakeholders asked whether the proposed consumer archetypes will consider small/medium business consumers.

The AEMC's consumer archetypes are intended to also apply to business customers. Small business customer examples can be found in the 'vignettes' included in the consultation paper.

Stakeholders asked whether the review will consider how to incentivise retailers to provide consumers innovative product options.

The AEMC's review is not only about pricing but also products and services, and enabling the provision of innovative offerings.