

19 December 2024

Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
Level 15, 60 Castlereagh St  
Sydney NSW 2000

Submitted via website: [aemc.gov.au/contact-us/lodge-submission](https://aemc.gov.au/contact-us/lodge-submission)

Reference: EPR0097

Dear Ms Collyer

**Response to the Australian Energy Market Commission's (AEMC) the Pricing Review:  
Electricity pricing for a consumer-driven future**

Momentum Energy Pty Ltd (**Momentum, our or we**) and its Managing Director Lisa Chiba welcomes the opportunity to make a submission in response to the Australian Energy Market Commission's (**AEMC's**) November 2024 Pricing Review consultation paper.

We are an Australian operated energy retailer, owned by Hydro Tasmania, Australia's largest generator of renewable energy. We pride ourselves on providing competitive pricing, innovation and outstanding customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT and the Bass Strait Islands. We also retail gas to Victorian customers.

**We support the AEMC's timely decision to undertake this Pricing Review.**

We consider customer pricing a priority area of reform and intend to take an active role in the process, including as a member of the Australian Energy Council (**AEC**). Additionally, Momentum is a member of the AEMC's Advisory Group for this review.

We strongly support and recommend the AEMC's work towards a practical and collaborative review process that is aimed at truly transforming the culture and regulatory landscape across all relevant participants, with consumer outcomes (in an industry where price is consistently the most important factor) front of mind throughout.

**Specific responses to questions raised in the paper**

**Question 1:** Do you consider that we should make any changes to our proposed approach to this review?

We believe it is challenging to forecast what products and solutions will be required by consumers in the years to come. With this in mind, determining the best approach to pricing feels near impossible. We therefore propose a slight change in focus to the steps outlined in the consultation paper:

We support **step 1 “consider a diverse range of consumer types and their wants and needs.”** However, we recommend the AEMC seek input from a customer service design and/or market research specialist to provide access to real customer feedback and insights throughout the review, with the goal of co-creating solutions where practicable.

The outcome of this step should be clarity on the goals and outcomes of the review, as well as any key assumptions underpinning the review. Key assumptions could include the AEMC’s view on the role of ongoing competition:

- The progress of electrification over time and what this may mean for consumers with gas connections
- Expectations around grid requirements for CER and to what extent CER assets are anticipated to be controlled and/or orchestrated voluntarily or otherwise (including the need for incentives to achieve this); and
- To what extent organisations outside of the market participant scheme will be subject to this review and its recommendations (solar installers, VPP providers etc.)

We would advocate for the inclusion of market goals as well as consumer outcomes – for example, strong collaboration, trust and respect, genuine compromise in pursuit of a shared vision, and clarity on the role of competition versus regulation.

We recommend **step 2 “invite input on potential future offerings”** to change its focus and instead seek input on the cultural and regulatory settings that need to be in place to enable the industry to achieve the stated goals and ambitions around consumer pricing.

These could be articulated as principles and/or questions to be expanded on, for example:

- What are the attributes of a thriving and successful energy industry?
- What attributes are key to success in any major transformation and/or period of disruption?
- What would a positive culture of collaboration look like?
- What are the optimal ways of working across organisations and the energy supply chain, and how could the AEMC foster and enable this?
- How can customers be protected and effectively managed through this period and therefore how might we think about designing for optimal pricing settings?

An external scan of industries and/or complex organisations that have successfully navigated transformational change and/or disruption through a strong focus on culture and collaboration could yield excellent examples and ideas.

We recommend **step 3 “identify barriers to implementing types of potential future offerings”** to similarly evolve in its focus to identify the barriers in achieving the outcomes and goals identified in step 2.

This could include confidential/anonymised interviews with various individuals and/or organisations across the industry as well as focus groups and/or other feedback mechanisms. As part of this step, we also recommend the AEMC map out the true extent of regulation and other mandatory obligations that exist, to understand the magnitude of change that may be required and to provide a practical perspective on the feasibility of this.

For example, for retailers this includes (but is not limited to):

- Legal obligations under the NERL and NERR
- Jurisdiction specific carve outs and derogations to this legislation
- Guidelines including the better bills guidelines and the deemed best offer obligations
- Default Market Offer (and related network tariff determinations)
- ACCC obligations, including PEMM legislation, as well as general consumer protection guidelines that are not industry specific
- Consumer Data Right obligations and ongoing technical enhancements to remain compliant
- Offering, operationalising and billing various government concessions and rebates for example, grant schemes and the energy bill relief fund
- Environmental schemes and requirements, for example, LGCs, ESCs, and REPs.
- Varied state based ombudsman expectations

It is our view that a clear understanding of this landscape may be confronting as there are likely to be areas where reform will prove more challenging than others. With a clear view of this complexity, transformation could be unlocked. We would be pleased to support this work and would welcome the AEMC to visit our business and meet with our people to discuss at any time throughout the review process if helpful.

**Steps 4 and 5** would have a natural flow from our proposed changes to **steps 1 through to 3** while still retaining the same headings of **“assess potential future regulatory frameworks and solutions”** and **“deliver recommendations”**.

**Question 2:** What are your views on our proposed Consumer Preference Principles?

We believe that having a firm and ongoing focus on consumers throughout this review is a positive and important part of the approach and we strongly support this.

We assert that some if not all of the proposed CPP’s are not preferences but are basic requirements for all consumers, particularly **2 availability** and **5 appropriate protections**. With this in mind, we recommend renaming these principles to reinforce their purpose, for example “consumer based requirements.”

We suggest adding another principle to reflect the large cohort of customers who would prefer not to engage with their energy beyond paying their bill – this could be phrased as “No contact preferred”.

Beyond this list, most retailers would conduct regular research to ensure they are meeting the needs of their customers. As an example of a few other potential customer preferences, at Momentum, we hear from our customers that they value us being Australian owned and operated, they appreciate us being part of Hydro Tasmania as the country’s largest generator of renewable energy, and they value excellent customer service.

We also note that while these principles could be applicable to business customers they seem to be particularly focused on household or residential consumers.

These principles should be considered and applied at the macro/industry level, not at an organisational or product level – a key benefit of competition is having organisations provide niche and differentiated options, and this must be fostered to continue to meet a range of customer needs in a cost effective and innovative way and to ensure smaller retailers can thrive and compete effectively.

We would further encourage and support the AEMC in working with its Advisory panel and other interested parties to determine the optimal way in which these consumer based principles will be utilised and provide value through the review.

**Question 3: What are your views on our proposed Consumer Archetypes?**

We support an understanding of the spectrum of consumer archetypes and believe the simple 2 x 2 matrix is a sensible approach to map this out. Some of the language used makes broad assumptions that customers want to be engaged and the industry's role is to somehow unlock this and therefore convert them into active participants. This is particularly true of the “behind barriers” and “full of potential” cohorts. While this will certainly be true of some consumers and there is absolutely an important role for retailers and other participants to play in seeking to unlock this, we nonetheless believe that there will be a large group of customers who will never participate or engage in any meaningful way. We look to the rollout of smart meters in Victoria over a decade ago as an excellent case study for this assertion; where a large portion of the population never engaged and in fact remain unaware of whether they have a smart meter on their wall or not.

We strongly assert that the most important cohort of consumers the AEMC should focus on is the “not to be left behind” cohort. A vast proportion of this cohort are unlikely to ever engage, and are most likely to be at risk of inequity. These are the customers that regulatory settings should be seeking to support as a priority, and we would strongly support the AEMC focusing on these customers in their review. This could be achieved through having clearly defined and separate recommendations in two focused areas:

1. As per our feedback in question 1, to determine the cultural and regulatory settings required to foster and accelerate innovation that will meet the needs of consumers who are or could be engaged to participate in some way.
2. Determine the requirements to support the “not to be left behind” and/or “no contact preferred” consumers through the transition.

**Question 4:** We want stakeholders to help us imagine the widest range of possible future products, services, and pricing structures. How might they look in the future?

No comment.

**Question 5:** How could electricity products, services, and pricing structures be presented to serve future consumers?

No comment.

**Question 6:** How could consumer protections be balanced to enable further innovation in a future retail electricity market?

Please refer to our response to question 1.

**Question 7:** What barriers will need to be addressed to deliver future consumers a meaningful and beneficial range of products, services, and pricing structures?

Please refer to our response in question 1 in relation to the need to map out the full extent of the legal and regulatory frameworks to help in identifying how this landscape could feasibly be transformed.

We support the review seeking to develop a shared vision and purpose for the industry to align behind that can help to guide all decisions and activity going forward, and that where possible can seek to bring organisations together even where they may have competing priorities and stakeholders. As part of this work, we would advocate for a shared cultural aspiration to be developed and actively worked on, focusing on adaptive and genuine collaboration, where compromise and the development of solutions that fully address intended and unintended consequences are incentivised.

For specific products and services related to the energy transition, for example, the uptake of electric vehicles, electrification more broadly and consumer/household demand side response and/or VPPs, we believe further government support may be required. We would also suggest where possible that mandating interoperability for the rollout of electric vehicle infrastructure, battery and other asset orchestration would be beneficial.

**Question 8:** What should network tariffs look like in the future?

Please refer to our submission<sup>1</sup> and the AEC's submission<sup>2</sup> on the accelerated smart meter rollout.

**Question 9:** How should the role of energy supply businesses evolve to meet customer and energy system needs in the future?

Left blank intentionally, as we have provided our response to this question in the previous questions.

**Question 10:** What changes might be required in the future to the interfaces between different energy supply businesses?

We have provided our response to this question in the previous questions. We would however also promote the active development of a culture of trust and respect within the industry. This should be a key focus of the review in determining the optimal cultural and regulatory settings to foster innovation and strong consumer outcomes.

**Question 11:** Do you have any feedback on our proposed assessment criteria?

We recommend outcomes for consumers (criteria 1), specifically calling out two separate sub-outcomes – firstly and most importantly, the outcomes for disengaged/non-participating consumers; and secondly for engaged/participating consumers. These are very different cohorts with very different needs, so it is important these two cohorts are specifically referred to, if not the likelihood is that consumer outcomes will focus more on those who choose to or are able to participate and make active choices.

We recommend adding a sixth assessment criteria based on industry culture, trust, respect and collaboration.

### **We are supportive of the AEC's submission**

We support the AEC as an industry representative and key stakeholder in this review process. We note the AEC's recent work to develop a clearer vision of the future Role of Retailer project, which we expect will be a significant input into the AEMC's developing views.

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<sup>1</sup> Momentum Accelerating Smart Meter Deployment Directions Paper 2024 at [www.aemc.gov.au/sites/default/files/2024-10/Momentum.pdf](http://www.aemc.gov.au/sites/default/files/2024-10/Momentum.pdf)

<sup>2</sup> AEC Accelerating Smart Meter Deployment Directions Paper 2024 at [www.aemc.gov.au/sites/default/files/2024-10/aec.pdf](http://www.aemc.gov.au/sites/default/files/2024-10/aec.pdf) pg. 3-9

We welcome ongoing engagement with the AEMC, including membership in the Advisory Group. We understand that addressing the concerns raised in this submission will be challenging and require time and resources.

Sustainable regulatory frameworks require this level of investment. The AEMC will need to communicate what is important and why, listen to different perspectives, and evolve ideas based on stakeholder feedback.

We look forward to ongoing engagement as this work progresses. If you wish to discuss any aspect of this submission, please contact Daniel Oliver at [Daniel.oliver@momentum.com.au](mailto:Daniel.oliver@momentum.com.au).

Yours sincerely



**Lisa Chiba**  
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