



**SACOSS Submission to the AEMC
consultation on RRC0062: Improving the
ability to switch to a better offer**

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The South Australian Council of Social Service (SACOSS) is the peak non-government representative body for non-government health and community services in South Australia, and has a vision of *Justice, Opportunity and Shared Wealth for all South Australians*. We undertake policy and advocacy work in areas that specifically affect disadvantaged and low-income consumers in South Australia.

SACOSS has a long-standing interest in the delivery of essential services. Our research shows the cost of basic necessities disproportionately impacts people on low incomes or experiencing disadvantage. SACOSS participates and engages in regulatory processes relating to the provision of essential services to promote better outcomes for South Australian households.

As such, we appreciate the opportunity to make a submission to the Australian Energy Market Commission (AEMC) on the proposed rule change *RRC0062: Improving the ability to switch to a better offer*¹. While we broadly support the intent of this rule change, we urge the Commission to strengthen its consumer protection focus, particularly for vulnerable and low-income households. Without a well-designed implementation framework, this rule risks being an ineffective tweak rather than a meaningful reform.

The consultation documents provide limited detail on the specific mechanisms for implementation, making it difficult to assess or provide feedback on the effectiveness of the proposal in practice. Key details, such as how ‘better offers’ will be identified, the process by which consumers will be switched, and the safeguards in place to ensure no detriment to households, remain unclear. Associated mechanisms that would support this level of detail are not within the remit of consumer advocates to develop. Given the critical role this rule change could play in protecting low-income and financially distressed consumers, we urge the AEMC to provide greater clarity on these aspects as part of the rule change process. A well-designed and effective rule must explicitly consider consumer protections, ensuring that the most vulnerable consumers benefit without unintended negative consequences such as the loss of access to existing hardship arrangements or essential customer support programs.

Our submission will focus on the following key recommendations:

1. Adopt a blended regulatory approach incorporating both principles and prescription
2. Enhance explicit and advanced consent mechanisms to facilitate switching
3. Provide greater transparency and consumer assurance in defining a ‘better offer’
4. Recognise that forcing and/or expecting consumers to shop around is a failed model

We urge the AEMC to prioritise consumer well-being over theoretical market competition principles and ensure that vulnerable households are not left behind.

As a general comment in this submission, SACOSS would like to emphasise that when considering any potential costs to retailers in implementing this rule change it is critical to acknowledge that the energy market is not a typical competitive market. While retail competition exists in theory, energy remains an essential service, and consumers cannot opt

¹ AEMC (2025) [RRC0062 Improving the ability to switch to a better offer](#)

out of purchasing it. Unlike other markets where consumers can forgo discretionary spending or switch to alternatives, households must purchase energy to meet their basic needs. This creates a fundamentally different consumer-retailer dynamic than in conventional competitive markets. Despite the presence of multiple retailers, consumers remain largely captive to the system, as energy supply is a necessity rather than a choice. Many consumers—particularly those experiencing financial stress—lack the ability to engage with or benefit from competition, making it inappropriate to rely solely on competitive market mechanisms to deliver fair outcomes.

Because of this structural imbalance, consumer protections must take precedence over concerns about retailer costs. The expectation that consumers should constantly monitor the market and switch retailers to obtain fair pricing is unrealistic and places the burden of market failures on households rather than the industry. Retailers have long benefited from consumer disengagement and the resulting ‘loyalty penalty,’ where disengaged customers are left paying more than they should. Addressing these entrenched inequities should be the priority of any rule change, rather than concerns about the operational costs to retailers.

Ensuring that all consumers—especially those in financial difficulty—are automatically placed on better offers and are protected from market failures is a regulatory necessity.

Blended Prescribed and Principles-Based Approach

We recommend that the AEMC adopt a blended approach that combines both prescriptive regulatory measures and principles-based guidelines to ensure effective and equitable implementation of the rule.

- Prescriptive elements should establish clear minimum standards and obligations for retailers, particularly in how they define, communicate, and implement ‘better offers.’ This should include specific requirements for consumer protections, notification processes, and how retailers demonstrate compliance.
- Principles-based elements should allow for flexibility in implementation, ensuring that the system remains adaptable to future innovations and market developments. For instance, defining a ‘better offer’ should take into account factors beyond just price, such as contract terms, fee structures, and alignment with consumer needs.

A combination of these approaches will ensure the rule is both enforceable and responsive to the needs of diverse consumer groups, particularly those experiencing payment difficulty.

Enhancing Explicit Informed Consent and Facilitating Advanced Consent for Automatic Switching

We strongly support explicit informed consent as a critical consumer protection. However, it is important to highlight an inconsistency in how consent is treated within the energy retail market. The proposal suggests difficulty or concern around proactive consent processes

when it comes to automating switching to better offers, yet retailers currently have no such barriers when it comes to putting consumers on worse contract terms or higher price offers without explicit informed consent.

For example, retailers can and do:

- Automatically roll customers onto higher-priced default offers when a benefit period ends, without requiring active consent.
- Increase prices during a contract period with only minimal notification, often via complex and unclear communications that many consumers do not fully understand or engage with.
- Adjust contract terms in ways that are not always in the consumer's best interest, again without requiring affirmative consent.

This creates an obvious double standard—consumers are expected to opt in to better deals but are not given the same level of agency or protection when retailers move them to worse outcomes. If the industry can justify automatic processes that lead to price increases or the loss of benefits, then it follows that a well-designed, consumer-focused system should also be able to automate improvements to customer outcomes in a way that preserves transparency and protections.

Rather than treating explicit informed consent as a barrier to consumer-friendly reforms, we should be exploring ways to embed proactive, consumer-centric consent mechanisms that empower households while addressing the entrenched inequities in the retail energy market. This includes:

- Enabling advanced consent for automatic switching to a better offer, ensuring consumers can pre-authorise positive changes without constant re-engagement.
- Improving notification processes so that any change—whether a price increase or a better offer—truly reaches and informs consumers in a clear and actionable way.
- Placing a greater onus on retailers to act in the best interests of consumers, rather than relying on market inertia to maintain profit margins at the expense of disengaged or vulnerable households.

If explicit informed consent is a non-negotiable requirement for moving consumers to a better deal, then it should also be a mandatory safeguard against price increases and other detrimental changes. The fact that this is not currently the case highlights a fundamental failure in the market design—one that this rule change should help to correct.

Challenging the Assumption That Consumers Should Actively Shop Around

The underlying assumption of the competitive retail energy market is that consumers can and should actively engage by shopping around and switching regularly. However, this assumption does not align with the lived experience of many households, particularly those

in financial stress. SACOSS have previously raised our concerns on this issue in other submissions to the AEMC². To summarise:

- The complexity of comparing retail offers, the opaque nature of pricing structures, and the frequent changes in tariffs and discounts make it extremely difficult for the average consumer to make informed choices³.
- The perceived benefits of switching—often measured in marginal cost savings—are not enough to justify the time and effort required, particularly for those with limited capacity to engage.
- Vulnerable consumers, including those experiencing payment difficulty, are disproportionately affected by market complexity and are more likely to remain on suboptimal offers due to inertia, lack of digital access, language barriers, or distrust in retailers⁴.

The persistence of these issues demonstrates a fundamental failure of the current system. Rather than placing the responsibility on consumers to navigate the market and mitigate risk, regulators and retailers should be required to ensure consumers are placed on the best available offers automatically.

Defining ‘Better Offer’ with Greater Transparency and Consumer Assurance

For this rule to deliver meaningful benefits, there must be clear criteria for determining what constitutes a ‘better offer.’ Key considerations must include:

- **Transparency in calculations** – Retailers should not be allowed to use misleading comparisons or arbitrary discount structures that make offers appear better than they actually are.
- **Consumer benefit assurance** – Any switch must provide genuine cost savings and improved conditions for the consumer, not just align with retailer profit motives.
- **Addressing the paradox of explicit informed consent** – While we support informed consent, we also question the hesitation to implement automatic switching in cases where it is clearly beneficial. The current regulatory framework leans too heavily on requiring consumers to actively opt-in, despite well-established evidence that many will not engage, even when it is in their best interest.

If explicit informed consent is required for switching, then there must be a stronger, more proactive mechanism to ensure consumers are supported in making that decision. This could include mandatory retailer obligations to provide simple, accessible, and tailored switching recommendations.

² SACOSS (2025) [Submission to Ministerial Rule Changes RRC0058-RRC0063](#)

³ ACCC (2024) [Inquiry into the National Electricity Market](#)

⁴ ECA (2024) [Better energy offers are available. So why aren't consumers choosing them?](#)

We commend efforts to strengthen consumer protections and improve the fairness of energy retail markets. SACOSS trust that the suggested improvements we have proposed will ensure successful implementation of this rule change. If you have any questions about our submission, please contact our Senior Policy Officer Malwina Wyra at malwina@sacoss.org.au or on 8305 4228.

Kind regards,

A handwritten signature in black ink, appearing to read 'Ross Womersley', written in a cursive style.

Ross Womersley, CEO