

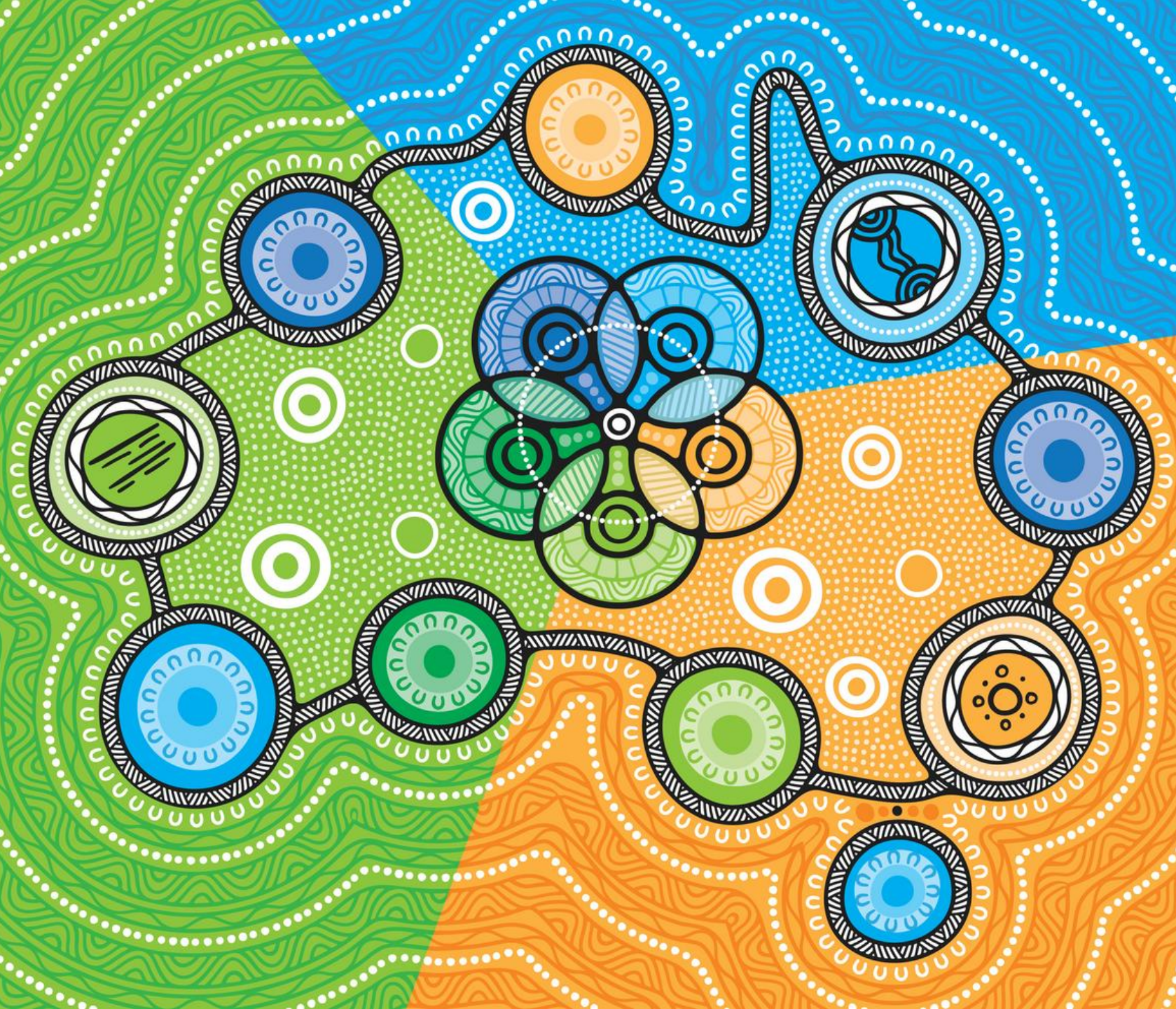


The Energy
Charter

#BetterTogether Customer-led Tariffs

Retail Excellence Conference

4 December 2025



Acknowledgement of Country

We acknowledge the Traditional Custodians of the land and pay respect to their Elders, past and present.

We recognise and value the continuing rich culture and the contribution of Aboriginal and Torres Strait Islander people.

This artwork was created by Jordan Lovegrove. It tells the story of energy, how it connects all of Australia and the Energy Charter's commitment to create a better energy future for all Australians.



#BetterTogether Customer-led tariffs

CEOs of **EnergyAustralia**, **Essential Energy** and **SA Power Networks** came together with a shared commitment to deliver pricing reform that puts customers first.

Why we're doing this work?

- Electricity pricing shapes how people use and invest in energy
- Today's pricing is often complex and doesn't reflect how people actually live
- As the energy system evolves with more solar, batteries and smart tech, pricing must be simple and fair
- #BetterTogether is testing and co-designing customer-led tariffs + retail plans
- The aim: better bills, smarter grid use and greater uptake of customer energy resources (CER)
- It's not one-size-fits-all — it's about enabling benefits for everyone.





Stages of the #BetterTogether initiative

Year	2024						2025						2026	2027
Month	Jan	Mar	May	Jul	Sep	Nov	Feb	Apr	Jun	Aug	Oct	Dec		
Stage 1			Stage 1 Finished Sep 2024											
Stage 2 + 3					Stage 2 Finished Jun 2024			Stage 3 End of 2025						
Real World Trial									Real World Trial Potentially start Jul 2025 onwards					

Stage 1: Principles co-designed with Customer Outcomes Group



Simple

Retail offerings should be simple, understandable, easy to explain and transparent. They should also be able to be compared with other offerings in the market and help minimising complexity for the customer.



Universal

Retail offerings should be available to residential and small business electricity customers and consistent across networks in each jurisdiction. There should also be some offerings that are able to serve as an 'obligatory offer' to act as a consistent safeguard for customers.



Fair and equitable

Retail offerings should be affordable and ensure no customer is left behind. One customer's energy choice shouldn't negatively affect other customers.



Certainty for customers

Retail offerings should be consistent across time, predictable in terms of bill amounts and ensure no surprises for the customer.



Supporting customer choice

To facilitate agency.



Safeguarding customers

Minimise customer exposure to harm, especially for vulnerable customers.





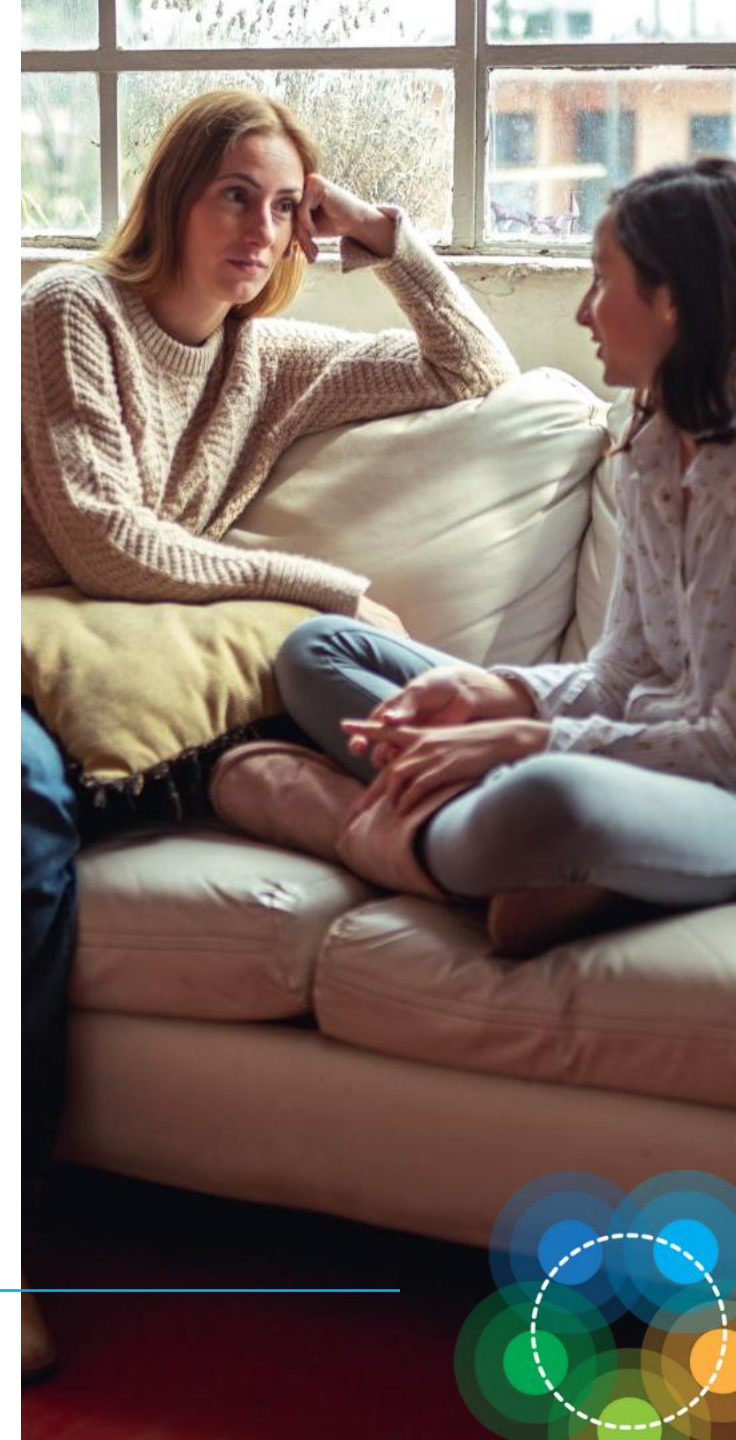
Stage 2 lessons learnt

- Stage 2 modelling is a proof-of-concept exercise
- Predictable & simple retail offer is a clear customer priority
- Network pricing is designed for the retailers
- Retailers responding to price signals by CER orchestration can unlock benefits
- Collaboration between the network and retailers is essential
- Network pricing (both tariff and non-tariff options) to be explored to drive CER uptake
- No single tariff structure will solve all challenges; success will come from a combination of tariff designs, market innovations, and long-term regulatory alignment



Six network tariffs modelled for Stage 2

Network Tariffs	Description
Fixed and contractual incentives	Network costs are recovered through a fixed capacity charge, offering cost certainty, simplifying forecasting and creation of subscription-style retail offers. This tariff also provides a reward signal for addressing network constraints, while marking a shift from traditional cost-reflective tariffs.
Peak, fixed and contractual incentives	Same as the above, with the inclusion of the maximum demand component.
Peak	Charges are based on maximum demand at each distribution node or zone substation, with no energy usage component, incentivising retailers to manage demand through coordinated customer CER use.
Peak and dip	Same as the above, with the inclusion of a minimum demand component.
Electrify	Supports all-electric homes and the net-zero transition by encouraging off-peak usage and export rewards, rewarding flexible high-usage customers with lower off-peak rates, and enabling tailored retailer plans to lower bills and improve network efficiency.
Portfolio	Shifts from NMI pricing to retailer portfolio level charging, enabling innovative retail plans, incentivising load management, and aligning retailer flexibility with network cost-reflectivity.





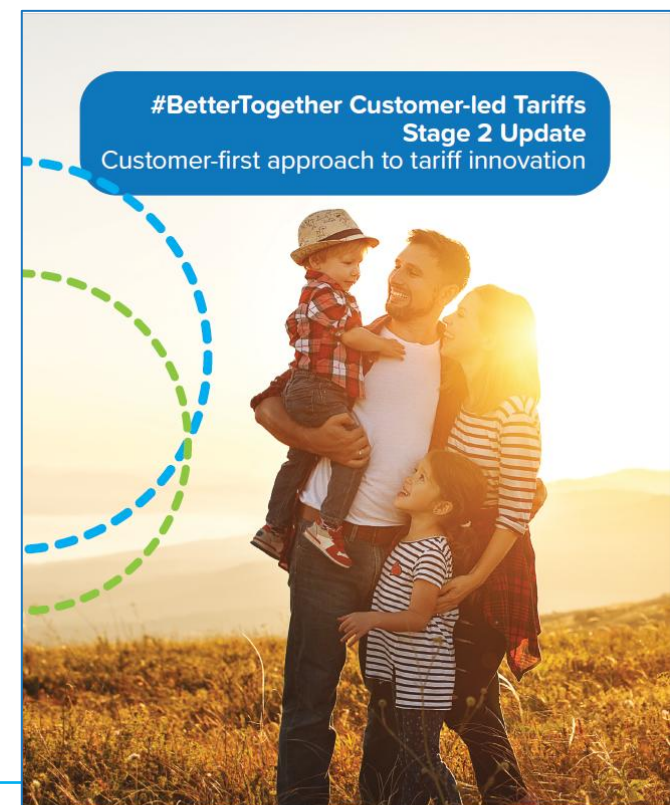
Stage 2 Report: Our strategic recommendations

Ensure pricing rules and principles are flexible for network pricing to be designed for retailers:

- Tariff and non-tariff options
- Portfolio pricing that balances costs and risks across different customer groups and plans to deliver fairer, more flexible energy prices.

Retailer Impact Principles

- a. Review regulatory barriers and consider new market mechanisms for subscription-style retail offers
- b. Ensure future network tariff designs will enable lower network augmentation costs



#BetterTogether Customer-led Tariffs
Stage 2 Update
Customer-first approach to tariff innovation

Stage 3: Refocusing on customer preferences



Use focus groups to test customer preferences on willingness to pay and predictable retail plans



Run a paper trial (sandbox) to show how customer-led insights can re-engineer tariffs for better consumer outcomes



Demonstrate what's possible to industry, regulators, and governments



Influence the AEMC to think big and keep consumer needs central



Support governments to use network and retail markets creatively to meet decarbonisation (CER) goals



Shape advocacy by AEC and ENA towards collaborative, consumer-first positions





Stage 3 delivery

Thought Piece

- Share Stage 2 lessons with sector
- Underpins paper trial development

Focus Groups

- Objective is to test customers' willingness to pay
- Deep dive into customer preferences
- Evidence-base for drafting paper trial
- Can inform AEMC Directions Paper draft in Dec 2025

Draft Paper Trial

- Aim is to test network tariffs with different subscription packages, conduct scenario analysis on the orchestration level, and perform customer impact analysis.
- This will be a desktop modelling exercise

Finalise Sandbox Trial

- Based on focus group evidence finalise trial and begin
- Inform and include AEMC Pricing Review
- Stage 3 report





AEMC Pricing Review: what does it mean?

We've received early signals from the AEMC on what may feature in the Draft Paper:

- Retail reforms are likely to focus on improving comparability and addressing the loyalty tax, a useful platform for us to build more future-focused ideas through this #BetterTogether initiative
- Network proposals centre on greater tariff flexibility and incentives for more efficient, lower-cost operation, which aligns with our focus on system efficiency
- The AEMC is working through many of the same issues we are, including avoiding under-recovery and cross-subsidisation
- This #BT gives us a stronger opportunity to test customer preferences and shape the conversation on what the future market should look like.





More information...

Visit The Energy Charter website: www.theenergycharter.com.au/customer-led-tariffs/

