

## Consultation Paper – Better Energy Customer Experiences

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### 1. Background

Energy Ministers have agreed to the *Better Energy Customer Experiences* to review energy consumer protection frameworks, ensuring they are strong and fit for purpose both now and into the future. This work will be led by the Commonwealth Department of Climate Change, Energy, the Environment and Water (the Department), working in conjunction with state and territory governments.

This Consultation Paper, alongside the Terms of Reference for this work, outlines our principles and proposed approach for modernising the energy consumer protections frameworks. We are seeking views from interested parties on the priorities for the reform agenda. There will be further opportunities for input as this work progresses. In the meantime, we welcome preliminary views on issues at this early stage.

### 2. Reforms since 2022

Over the past 3 years, Energy and Climate Change Ministers have taken significant steps to safeguard the interests of consumers as energy markets transform. As well as reducing cost of living pressures by providing electricity bill relief to 10 million households and 1 million small businesses through the *Energy Bill Relief Fund*, Energy Ministers agreed in 2024 to an initial tranche of consumer-focused reforms. These reforms responded to cost-of-living concerns and other issues raised by market bodies, including the Australian Competition and Consumer Commission (ACCC) and the Australian Energy Regulator (AER). Once settled they will support consumers to access cheaper energy deals, engage with their energy retailer more effectively and increase support for those vulnerable to or facing hardship.

The reforms included requests to the Australian Energy Market Commission (AEMC) to change the National Energy Retail Rules to:

- Place limits on the terms of all plans with conditional discounts to ensure customers are not exposed to unreasonable costs where discount terms are not met.
- Ensure that once any discount period for a customer on a new plan ends, they will not pay prices above the relevant local default offer.

- Prevent price increases for a fixed period of 100 days after entry into negotiated contracts.
- Limit the ability of retailers to impose fees to those matters authorised under the relevant state or territory legislation.
- Oblige retailers to provide a simple process for customers to switch to a better offer.
- Oblige retailers to actively work with customers to identify whether they are eligible for a concession or rebate.
- Ensure that customers on a hardship plan automatically receive the benefits that would accrue from shifting to the best available retail offer.

These rule change requests remain with the AEMC for consideration, with final determinations on the first 5 requests due to be made in June 2025 and determinations on the further 2 anticipated to follow in due course.

The reforms complement action taken by the AER to improve the Energy Made Easy website and update the *Better Bills Guideline*. As a result, retailers must now include a ‘better offer’ statement on the front page of their bill. This statement will advise the customer if the retailer has a better deal for them, with details on how to switch plans. Since introduction of these requirements, new evidence has emerged that retailer naming conventions are leading to customer confusion, with almost a quarter of customers were being prompted to switch to a lower-priced offer with the same name as the contract they are already on. To address this, the federal Minister for Climate Change and Energy has made a submission to the AEMC outlining the issue and urging it be considered and addressed through an existing rule change process.

With the visibility of Energy Ministers, the AEMC have also strengthened safeguards to protect customers from potential risks when installing smart meters, including by:

- prohibiting retailers from imposing any upfront charges for new smart meters.
- requiring retailers receive explicit informed consent before changing a customer’s retail tariff for a minimum period of two years after the smart meter is installed.
- requiring retailers to provide their customers at least 30 business days’ notice when transitioning them to a different pricing structure where they are subject to plans for replacement of legacy meters by Distribution Network Service Providers.
- requiring designated retailers to offer flat tariff structures to customers with smart meters (noting that this measure must be implemented by jurisdictions to come into effect).

These changes complement further rule changes to unlock the benefits of CER through more flexible trading, notably by allowing customers to separate out retail arrangements for ‘flexible’ CER loads such as EV chargers and batteries from energy supply for more traditional purposes.

These changes were settled in 2024 and will be progressively introduced across 2025 and 2026.

In December 2024, Energy Ministers also welcomed the Commonwealth’s release of its First Nations Clean Energy Strategy 2024-2030. Among other actions, this strategy will review regulatory protections, including considering extending regulatory protections for consumers outside of regulated energy markets and interrogating whether existing consumer protections adequately meet the needs of First Nations peoples.

In December 2024, Energy Ministers further agreed to improvements to the operation of the Retailer of Last Resort (RoLR) scheme that protects customers in the event of an unexpected retailer failure. These improvements will improve transparency around cost sharing, support designation of multiple RoLRs to more effectively share risk, and provide RoLRs with the option to transfer all customers onto market contract arrangements. Necessary changes to the *National Energy Retail Law* are being pursued.

These actions provide context for work to be undertaken to deliver *Better Energy Customer Experiences*.

### 3. Guiding Principles

The *Better Energy Customer Experiences* process will be guided by a set of common principles:

- **Essentiality** – Access to a basic energy supply is subject to additional protections because it is essential to Australians. The extent to which protections apply should be proportionate to their connection to health, safety, wellbeing and economic and societal participation.
- **Efficiency** – Consumer protections should be effective, as simple as possible and minimise transaction costs and barriers.
- **Agency** – Frameworks should build consumer trust and confidence in engaging with the energy market, including where consumers engage with the market in a limited capacity. Protections should ensure consumers are provided with sufficient information to make informed decisions and be supported by practical mechanisms for redress, such as accessible and low-cost dispute resolution.

- **Equity** – Frameworks should support equitable outcomes. Consumers should enjoy an equivalent level of regulatory protection, regardless of location, income or other circumstances.
- **Deliverability** – The proposed solution should be designed with an eye to implementation and must strike the right balance between legislation, regulation and guidance to ensure it is enforceable and adaptable. Protections should seek to reduce complexity for consumers engaging with energy markets.

## 4. Identifying further opportunities for consideration within the Terms of Reference

As outlined by the Terms of Reference, *Better Energy Customer Experiences* will take a holistic approach to reviewing the consumer protections regime that underpins the relationship between consumers and the energy market to assess whether reforms are needed to support consumers through the energy transition and beyond.

This primary focus will be on evaluating whether the National Energy Customer Framework (NECF) remains fit for purpose given it is the primary national regulatory framework providing energy specific protections to consumers in the energy market. However, consideration will also be given to other related legislation, frameworks and policy settings including the Australian Consumer Law, state and territory-based legislation, and the New Energy Tech Consumer Code to ensure appropriate problem definition and solution development.

The process will explore and consider existing, emerging and future issues related to consumers' access to energy, including but not limited to:

- New energy services:
  - Determining which types of new energy products and services should be captured based on the level of risk they carry
  - Exploring the types of protections consumers need when they engage with new energy products and services
  - Considering if and how to expand the remit of external dispute resolution processes to new energy products and services
- Addressing varying levels of protections for customers in different market settings:
  - Embedded networks
  - Off-grid customers
  - Pre-payment customers
  - Bulk hot/chilled water supply

- Market retail contracts vs standard retail contracts
- Assessing and improving where required various key protection measures to support consumers to navigate increased complexity and barriers to accessing the energy market, including:
  - Information provision
  - Contracts and bundling
  - Explicit informed consent
  - Pricing structures
  - Payment difficulty and hardship arrangements
  - Dispute resolution mechanisms
- Issues identified through previous review processes for further consideration and reform;
- Other issues identified through consultation.

Numerous reviews and bodies of work in recent years have considered these issues to varying extents. This work does not intend to revisit or re-prosecute what has already been covered, but rather will assess the coverage of findings of previous reviews in order to develop a balanced approach to recommending options to address issues that impact energy consumers. We are interested in stakeholder feedback on critical matters this process should address, noting the identified issues from the ongoing or completed reviews, some of which include:

- AER's Review of Consumer Protections for Future Energy Services [Completed]
- AER's Game changer Reforms [Completed]
- AEMC's Report on Updating the Regulatory Frameworks for Embedded Networks [Completed]
- AER's Review of the Exemption Framework for Embedded Networks [Ongoing]
- AER's Review of Payment Difficulty Protections in the National Energy Customer Framework [Ongoing]
- AEMC's Pricing Review: Electricity pricing for a consumer-driven future [Ongoing]
- AEMC's Consumer-related Rule Changes [Ongoing]
- ACCC's National Electricity Market 2018-2025 Inquiry [Ongoing]
- Commonwealth's Future Market Review [Ongoing]

<b>Consultation questions:</b>
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| 1. In your view, which issues should be priority? Which further issues should be included? |
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2. In light of changes occurring in the energy market, what gaps do you see in consumer protections that this process should focus on addressing?
3. Are there opportunities to consider holistic reforms that can address a number of issues simultaneously?
4. Are there particular views on the recommendations made by these reviews that we should consider in its assessment?
5. Are there aspects of state-based consumer regimes that may offer benefits if applied at a national level?

## 5. Considering consumer protections in light of future energy services

The energy transformation is fundamentally changing how the energy market operates. What was once a relatively simple, one-sided market where consumers bought energy from retailers, is becoming a market underpinned by decentralised energy sources, innovative new technologies, and two-way flows of energy between consumers and the market.

Innovation in the energy market is driving a broader range of energy choices and ways to participate in the energy market for consumers, with widespread uptake of new energy products and service. These include Consumer Energy Resources (CER) such as solar panels and home battery storage that allow consumers to generate and store their own electricity, alongside services that support consumers to more effectively and efficiently use, store and export their energy, such as home energy management and aggregation services.

A consideration for this *Better Energy Customer Experiences* process is the AER's *Review of Consumer Protections for Future Energy Services*. This review explored whether the existing consumer protections framework remains fit for purpose in light of the emergence of new energy services. The AER undertook a risk analysis of new energy products and services and concluded there is a strong case for reforming the energy consumer protections framework to ensure consumers are adequately protected from the risks posed by new energy services through energy-specific protection measures.

The AER's primary findings included:

- The NECF has limited scope to mitigate risks and issues emerging in the future energy market relating to new energy services.
- The scope of the NECF should be expanded to cover certain types of new energy services to ensure consumers are adequately protected.

- Extending energy consumer protections to new energy services should be done under the same framework that regulates existing retail energy providers to reduce complexity for consumers and minimise regulatory burden.
- Reforms to the NECF could include:
  - An expanded remit of the NECF that captures certain types of new energy services;
  - Additional principles-based elements within the NECF, including an overarching consumer duty; and/or
  - Changes to the authorisation process.

The [AER's final advice to Energy Ministers](#) suggested that an overarching consumer duty was an option for reforming the NECF to support the regulation of new energy services, as well as to address existing issues in the framework. As suggested by the AER, this duty could be expressed as a broad principle so that it could be universally applied across all entities captured under the framework, both traditional energy supply contracts and also new energy services. The AER also suggested this duty could be supported by a set of consumer protection principles.

We are seeking preliminary views on the merits of a principles-based regulation and more specifically, an overarching consumer duty in addressing future unforeseen consumer risks.

For further information, read the [AER's full report](#) setting out its final advice to Ministers.

<b>Consultation questions:</b>
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| <ol style="list-style-type: none"> <li>6. Do you agree with the AER's risk analysis regarding new energy products and services and their conclusions that certain types of services should be captured under the NECF? Why/why not?</li> <li>7. Do you have any further comments or feedback on the primary findings from the AER's review? Are there issues covered by the AER's review that you think require further exploration and research as part of this process?</li> <li>8. What factors should inform preliminary consideration of the potential for an overarching consumer duty?</li> </ol> |
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## 6. Next steps and timing

The Department will place a strong emphasis on engaging stakeholders through an open and collaborative consultation process to understand the relevant issues, gaps and potential

solutions, before translating it into a series of actionable recommendations. Our proposed step-by-step approach will include the following:

### Step 1: Initial consultation and issue identification – April 2025

The Department will publish a Consultation Paper [this paper] which provides stakeholders an opportunity to comment on the priorities of the Better Energy Customer Experiences review process.

Feedback from this process, alongside a series of targeted consultations and desktop research, will support identification and definition of key priorities for potential future reform.

### Step 2: Present directions for potential framework reform – December 2025

The Department will release a Directions Paper which will draw on consultation insights and outline any recommended direction(s) for reform, where applicable for stakeholder feedback.

Based on the identified direction of reform(s), the Department will then work closely with stakeholders on solution design.

### Step 3: Recommend reforms – early 2027

Incorporating feedback from stakeholders, any recommended legislation, regulation, guidelines and/or policy changes will be delivered to ECMC for consideration.

Implementation of any reforms is anticipated to commence from 2027 onwards, noting that this has the potential to extend out over multiple years.

## Our proposed approach

Figure 1: Our proposed approach

<b>Deliverable</b>	<b>Timeline</b>	<b>Outcome</b>
Consultation Paper	April 2025	<ul style="list-style-type: none"><li>• Invite input on the issues that are in scope and require further investigation as part of this work.</li></ul>
Directions Paper	December 2025	<ul style="list-style-type: none"><li>• Proposes a policy direction(s) based on stakeholder feedback on agreed set of issues and existing gaps in the protections.</li></ul>
Recommendations to Energy Ministers	Early 2027	<ul style="list-style-type: none"><li>• Deliver recommendations to ECMC for consideration</li></ul>



