

NSW Retail Electricity Tariff Reform

Submission to the NSW Department of
Climate Change, Energy, the Environment
and Water (DCCEEW)

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Energy Consumers Australia is the national voice for household and small business energy consumers. We advocate for a fair, affordable, and reliable energy system—one that meets everyone’s needs and leaves no one behind on the journey to net zero.

Feedback on the proposed retail electricity tariff reforms

Energy Consumers Australia (ECA) welcomes the opportunity to respond to NSW’s Department of Climate Change, Energy, the Environment and Water (DCCEEW) consultation process on their retail electricity tariff reforms.

The rollout of smart meters across Australia has led to the introduction of ‘cost reflective’ network tariffs, which aim to signal that network costs are driven by increased energy consumption during peak periods. These network costs are seen by the retailer, some of which are then passed through to customers. The Australian Energy Market Commission (AEMC) has recently required retailers to get explicit informed consent before changing a customer’s tariff structure following a smart meter upgrade, in recognition of the consumer protection issues with placing consumers on a new tariff structure unknowingly.

Demand tariffs charge based on the highest level of electricity consumed by the customer in a set period. The aim is to send a price signal that network costs will increase if peak demand increases. As of August 2025, only 4.1% of customers were on demand plans, which represents a decrease of 27.7% from last year.¹ Further, 57.1% of demand plans are priced at or above the default offer, meaning that approximately 159,000 customers on demand plans are paying at or above the default offer.²

ECA supports the reforms proposed by DCCEEW to protect consumers from price signals they cannot respond to. DCCEEW’s proposals to prohibit assignment of customers to demand tariffs without their explicit informed consent and require retailers to offer a flat tariff are positive steps.

Answers to the specific consultation questions are below.

Question 1. Should the prohibition on assignment of customers to demand tariffs without explicit informed consent be limited to a certain time period, or established as an ongoing prohibition?

The prohibition on assignment of customers to demand tariffs – and on any tariff with a time-varying rate – without explicit informed consent should be permanent.

It is unrealistic to assume that consumers will be more informed about demand tariffs or time-of-use plans or able to shift their load in one, three or five years. To be fully informed about the potential value of time-varying electricity plan, at least one year of historic interval meter data about a consumer’s use must be available. A retailer or other provider must be able to use this data to determine the likely impact of a time-varying plan on a consumer’s use and share that information with the consumer in an accessible way. The consumer must then take the time to understand the risks and potential benefits of moving to such a retail plan to give their explicit informed consent. These fundamental requirements will not change or diminish in any given timeframe. Accordingly, the need for explicit informed consent is ongoing and should be permanent.

¹ [Inquiry into the National Electricity Market - December 2025 Report](#)

² Ibid.



As a fundamental principle, no consumer should be placed on an energy plan that they lack the ability to respond to. Some consumers need energy during peak periods and do not require it at other times of the day. For example, renters who do not control the appliances in their household and are away from home except during the evening, have no choice but to use energy during peak times. At no point in time should these consumers be automatically enrolled into a plan that gives them price signals that they have no ability to respond to and then punishes them for not responding. There is no reason to believe that anything in the market will change in the short, medium and long-term that would remove consumers' vulnerable to demand tariffs and other time-varying rates. Accordingly, NSW should prohibit assigning any consumer without their explicit informed consent to demand tariffs and time-of-use tariffs permanently.

Question 2. Are other consumer safeguards around tariff re-assignment required, such as prohibiting the seeking of customer explicit informed consent for any tariff variation for a specified timeframe following the installation of a smart meter? Or any other consumer safeguard?

As noted above, no consumer should be automatically re-assigned to a demand tariff or time-varying energy plan without their explicit informed consent.

Furthermore, there should be a one-year moratorium on retailers proactively offering consumers the move to a time-varying rate – in other words, a consumer could only be moved to a time-varying rate if they proactively seek one out.

To determine the likely impact of a time-varying rate, consumers must understand how their energy use varies across peak and off-peak periods throughout the day and how these patterns change across the year. This understanding depends on access to sufficient historic interval metering data for the relevant premise. In practice, using at least one year of interval data is a reasonable benchmark for establishing a reliable baseline of a consumer's actual usage patterns, which is necessary to assess the potential immediate impacts of a time-varying rates and the extent to which the consumer could benefit from shifting their energy use, where such flexibility exists.

Some consumers with more advanced technologies, such as batteries, electric vehicles, and flexible appliances, may have greater ability to benefit from time-varying rates. These consumers should maintain the ability to access a time-varying rate where they actively choose to do so, and may benefit even in the absence of detailed understanding of their underlying energy use patterns, given the flexibility in their consumption.

Question 4. Should New South Wales implement the AEMC's requirement for designated retailers to offer flat rate tariff structures to customers with smart meters? Why?

NSW should require retailers that offer standard retail electricity products to make a flat tariff offer available to all household and small business consumers, including those with smart meters. This provides consumers who cannot respond to cost-reflective tariffs a choice to stay on a flat tariff.

The requirement should be ongoing. Under this reform, consumers can still opt-in to a cost-reflective tariff if they seek it out and determine that it suits their needs.



Question 5. If New South Wales were to implement the AEMC’s national requirement, should it be amended in any respect?

There should be a requirement for the flat tariff to be a genuinely competitive market offer, rather than a nominal fallback option priced at or near the Default Market Offer. NSW DCCEEW could develop pricing principles to support competitive offers. Without pricing principles, retailers are likely to comply by offering flat tariffs that deliver limited value to consumers.

In developing such pricing principles, DCCEEW could draw on recent approaches to embedded network pricing principles³, not as a direct analogy on cost causation, but as an example of how pricing objectives and benchmarking can be used to ensure consumers receive fair outcomes. A principles-based approach could help ensure flat tariffs provide meaningful protection and value.

Competitive flat rate tariffs should be generally available in the market, but it does not necessarily require all retailers to make them available. Some smaller retailers specialise in novel pricing structures, and it may be unnecessary to mandate that these smaller retailers upend their entire business structure. However, these retailers should have a requirement to identify if their consumers are paying materially more on the time-varying rate than they would on a standard flat rate offered in the market and to notify their consumers that they would benefit from moving to a standard flat rate.

As above, we consider that the consumer protections NSW DCCEEW is exploring should be permanent. There is no good reason to believe that the vast majority of consumers will have the ability to use easy and effective technology to take full advantage of time-varying rates in the coming years. While many more consumers will have batteries and electric vehicles, it is essential to maintain robust protections for the many consumers who do have those technologies.

In summary, there is a widening gap in cost outcomes between energy “have-lots” and “have-nots” – between those with solar, batteries, EVs, and all electric homes, and those without. Designing a system blind to these differences in ability leads to inequitable outcomes, risks creating further distrust and mistrust in the energy sector as a whole, and threatens the social licence needed to deliver a successful transition.

³ IPART, [Final Report - Embedded Networks - April 2024](#) | IPART