

Dear [REDACTED],

Submission on Draft Retail Guidelines (June 2026)

1. Executive Summary

Incite Energy supports the AER's objective to improve consumer outcomes and modernise the retail framework in response to a rapidly evolving energy system.

However, the draft guidelines apply an increasingly prescriptive, one-size-fits-all approach that fails to align with well-established economic and regulatory theory on proportionality, incentive-driven behaviour, and the risks of regulatory expansion beyond demonstrable market need.

The structure of the market is changing fundamentally, with customers investing in generation and storage and engaging in complex, performance-based energy services. For these customers, competition and informed choice—not prescriptive regulation—are the primary protection mechanisms.

2. Consumer Outcomes

The draft guidelines will improve outcomes for vulnerable and passive customers. However, for DER-participating customers, the framework risks misdirecting decisions and limiting efficient engagement, as it prioritises simplified cost comparisons over multi-dimensional optimisation of assets and risk. Supporting DER-participating customers is a necessary condition for reducing the number of vulnerable and passive customers and ultimately reducing the need for the heavy regulatory approach of the AER.

3. Implementation Costs and Market Efficiency

The cumulative impact of enhanced communication, billing, and data requirements introduces material system and compliance costs. These costs fall disproportionately on innovative providers and are ultimately borne by customers. Acknowledging this should lead to the AER ending its support of oligopolistic market outcomes.

4. Fit-for-Purpose for Emerging Energy Plans

Energy products are increasingly dynamic, asset-linked, and performance-based. Static comparison frameworks are not suited to these offerings and risk misrepresenting value and constraining innovation. The opportunity for less rather than more regulation must be created.

5. Regulatory Design Considerations

Established regulatory and economic literature demonstrates that regulatory institutions can develop incentives toward expansion of scope and complexity, and may diverge from intended policy objectives over time.

The draft AER Retail Guidelines exhibit these exact risks. The framework expands prescriptive requirements and retains a uniform approach despite clear heterogeneity in customer capability and market structure.

This expansion is not supported by clear evidence of incremental consumer benefit for sophisticated or DER-participating customers, representing a misalignment with the principles of targeted, proportionate, and outcome-driven regulation.

6. Recommendations

- Introduce a category of sophisticated or DER-participating customers subject to reduced regulatory burden.
- Allow opt-out mechanisms for capable customers.
- Target regulation toward vulnerable customers and clear market failures.
- Ensure flexibility for innovative, asset-linked offerings.

In short, we challenge the AER to create an environment where it is less relevant.

7. Conclusion

Expanding the uniform regulatory framework risks increasing costs, constraining innovation, and reducing overall consumer benefit. Regulation should remain targeted, proportionate, and aligned with demonstrable market need.

With the AER's support, we remain open to the opportunity to contribute to the proposed public forum.

Regards,

Greg

Greg Denton

Managing Partner

