22 August 2025

Independent Pricing and Regulatory Tribunal
PO Box K35, Haymarket Post Shop,
NSW 1240

Lodged electronically: ipart@ipart.nsw.gov.au

Dear Sir/Madam

Monitoring the Retail Electricity and Gas Markets in NSW 2024-25 – Consultation Paper

Origin Energy (Origin) appreciates the opportunity to provide input into the Independent Pricing and Regulatory Tribunal's (IPART) Consultation Paper on Monitoring the Retail Electricity and Gas Markets in New South Wales (NSW).

Origin recognises the importance of monitoring the effectiveness of competition in the NSW retail energy markets. In monitoring performance, it is important that IPART remains mindful of the changing economic and regulatory environment and its impact on retail prices and consumer outcomes.

Retail electricity prices are primarily driven by network and wholesale costs, with the transition to net zero driving significant investment in new network infrastructure. Managing the cost impact of the transition on consumers is a critical policy priority.

The retail component of overall costs is relatively modest in comparison to network and wholesale costs. Retail competition remains strong, and retail margins have generally decreased over time. Consumer protections are also undergoing reform. At the request of Energy Ministers, the Australian Energy Market Commission (AEMC) is currently implementing a program of work that will embed a higher level of customer protections against high prices. These reforms have the potential to improve the quality of the retail experience, and in particular help to insulate the most vulnerable customers from the impact of high prices. It is important these initiatives are given a chance to work.

We consider there is a limited case to undertake an additional review of retail prices and profit margins over and above this current review. The Federal Department of Climate Change, Energy, the Environment and Water's (DCCEEW) is currently reviewing the need for potential reforms to the Default Market Offer (DMO) and the Australian Competition and Consumer Commission (ACCC) already undertakes detailed monitoring of the retail market. Drawing on these existing reviews will limit the compliance burden on retailers (and regulatory costs for consumers) by ensuring that the same data is not provided in multiple formats.

Virtual power plants (VPP) and demand response programs are a relatively new development. The uptake of the programs, particularly VPP, has been strong and as reported by the ACCC, competition is vigorous with product differentiation and innovation.[1] As at June 2025, 393,000 customers are connected to the Origin Loop VPP and 81,000 customers utilise the Origin Spike demand response program.

Origin's response to relevant issues raised in the Consultation Paper are set out below.

[1] ACCC, 'Inquiry into the National Electricity Market', August 2025, pg. 66.

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1. In addition to the metrics outlined in Table 1 below, what other analysis should we consider when reporting on pricing, competitive dynamics and consumer participation in the NSW electricity and gas markets?

Retail electricity prices are primarily driven by network and wholesale costs. It is important to consider how these costs impact retail prices and how this impact can be addressed / moderated.

In comparison, retail costs represent a relatively minor component of total electricity costs and have stabilised over time; retail competition remains strong with the level of market concentration progressively decreasing over time as smaller retailers continue to compete for market share and retail margins have generally trended downward indicating that retailers are not making excessive profits.

In addition, there are a series of consumer protections reforms underway. Specifically, the AEMC is in the process of implementing a series of consumer-focused reforms initiated by Energy Ministers, including:

- Restrictions (from July 2026) on the ability for retailers to charge customers a price above the DMO at the end of the fixed benefit period.
- A requirement for retailers (from December 2026) to credit the accounts of hardship customers so that they pay no more than a retailer's best offer.
- Removal of unreasonable conditional discounts.
- Ensuring that a benefit on an energy plan lasts the length of a contract.
- Retailers can only increase the market contract price of a customer once in 12 months.
- Improvements in the ability for customers to switch to a better offer. There is still more to be done here, including making it easier for customers to compare more complicated offers (e.g. those with different tariff offerings and solar feed in tariffs).
- Changes to the concessions framework, that would place an obligation on retailers to check whether customers are eligible for applicable rebates, concessions or relief schemes at the time of sign-up.

The AER is also undertaking a review of payment difficulty protections and has put forward several changes for consideration by Energy Ministers, with the aim of ensuring those customers that require assistance are able to access this as seamlessly as possible.

The reforms aim to improve the quality of the retail experience, and in particular help to insulate the most vulnerable customers from the impact of high prices. It is important these initiatives are given time to work.

We consider there is a limited case to undertake an additional review of retail prices and profit margins over and above this current review. DCCEEW is in the process of reviewing the effectiveness of the DMO and the ACCC already undertake detailed market monitoring of the retail market. Drawing on these existing reviews will limit the compliance burden on retailers (and regulatory costs for consumers) by ensuring that the same data is not provided in multiple formats.

3. Do you consider consumers have sufficient information on virtual power plants and demand response programs to make informed decisions about the costs, benefits and whether they should participate?

Origin offers both VPP and several demand response products for customers. We expect participation in these products to increase significantly in future years with a greater uptake of consumer energy resources. Details of these programs are provided below.

Origin Loop (VPP)

Origin's VPP product is called 'Origin Loop'. Participation in the VPP is open to customers who have a load that is able to be externally controlled by Origin. For example:

- Participants are required to have a compatible solar battery and inverter installed at the residence.
- Participants are required to have a fully operational solar system with a capacity of at least 5kW, compatible with the solar battery.
- Participants must be an existing Origin electricity customer or willing to sign up for an electricity plan with Origin.
- Participants must have a reliable and continuous internet connection.
- Homes reliant on life support equipment are ineligible to join.

By participating in the VPP, the customer consents to Origin remotely controlling their CER appliances. Origin controls these appliances to optimise aggregate customer usage in response largely to wholesale market prices i.e. we shift load from peak demand and high emissions intensity periods to low electricity price periods to reduce cost and carbon intensity of energy.

While Origin has access to the control of the customer's CER appliances, participation in the VPP includes defined service expectations for the customer. For example, Origin aims to leave 20 per cent of energy stored in the battery for the customer's use and will not discharge over 200 kWh of electricity from the customer's battery in 12 months.

In return for participating in the VPP, Origin provides the following benefits:

- $200 sign-up bonus - applied as a credit to customer's Origin electricity bill.
- $1/kWh during defined events (called Loop events[2]) for energy discharged from the customers premises to the grid. Plus, standard solar feed-in-tariff, applied as credits to customer's Origin electricity bill (up to a maximum of $200 annually).
- Potential additional rebate as part of the New South Wales Government's Peak Demand Reduction Scheme (PDRS). The rebate is dependent on many factors including the kW of the battery. Origin has partnered with MAC Trade Services who can help customers check the cash rebate eligibility and complete the customer application.

Origin also provides customers with a Loop VPP app 'Home Energy Monitor' to enable the customer to monitor energy discharged from a customer's battery and credits earned in a simple snapshot. With the Origin app, customers can track their solar exports, battery usage, and grid imports.

By the end of the 2025 financial year, our Origin Loop VPP had about 1,454 MW of capacity across more than 393,000 connected services.[3] The VPP capacity has grown by approximately 5 per cent relative to the previous financial year.[4]

Origin Spike (demand response)

We also offer 'Origin Spike' which is an opt-in, manual demand response program for residential customers. To participate, the customer must:

- Have an Origin residential electricity account in their name.
- Have a smart meter that can be read remotely.
- Not have anyone using life support equipment.
- Not have centralised electricity (common in large apartment buildings).

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[2] Events typically occur during peak demand periods when energy prices are high, and Origin can utilise the stored energy to support the grid.

[3] Origin Energy, '2025 Annual Report', August 2025, pg. 36.

[4] Origin Energy, 2025, pg. 16.

There is no specific need to have a demand response device, however the Spike program relies on customer engagement to reduce energy usage at a specified time. The customer is invited to participate in a Spike hour with several days' notice and is required to opt-in to participate. If they choose not to participate there is no non-participation penalty.

Customers who use less than their energy forecast during a "spike" event (usually one-hour events) earn a free hour of electricity of up to 35 kWh at a time of their choosing (except 4pm-9pm), which takes the form of a credit on the customer's bill for the cost of that hour of electricity use. The number of Spike customers as at 30 June 2025 was 81,000.

Origin Home

Origin also provides our 'Origin Home' platform which is aimed at assisting customers save money on their bills and lower their energy usage by taking a more active approach to managing their energy use. Through Origin Home, customers can check if they are on the best plan and whether they are eligible for concessions or rebates. They can also conduct a home energy audit to identify where they can save energy around their home and find out how they can use renewable energy technologies such as solar, batteries and our VPP to help reduce their energy bills.

4. Are there emerging issues in the NSW retail electricity and gas markets that IPART should explore as part of our Energy Market Monitoring Reports?

Network and wholesale costs are the primary drivers of electricity price increases. The transition to net zero and the associated integration of consumer energy resources necessitates significant network expenditure. It is important to consider how these costs impact electricity prices and consumer outcomes and investigate how these costs can be managed and / or mitigated.

In addition, there are a range of consumer protection reforms that have been introduced or are currently under review. These reforms have the potential to improve the customer experience and improve customer price protections, particularly for vulnerable customers. It is important that these reforms have sufficient time to take effect and for any monitoring by IPART to consider the impact of these reforms on customer outcomes.

If you have any questions regarding this submission, please contact [redacted]

Yours sincerely

[redacted]

[redacted]