



ICRC
independent competition and regulatory commission

ISSUES PAPER

Standing offer prices for the supply of electricity to small customers from 1 July 2027

Report 5 of 2026, August 2026



The Independent Competition and Regulatory Commission is a Territory Authority established under the *Independent Competition and Regulatory Commission Act 1997* (the ICRC Act). We are constituted under the ICRC Act by one or more standing commissioners and any associated commissioners appointed for particular purposes. Commissioners are statutory appointments. Richard Owens is the current Senior Commissioner who constitutes the Commission and takes direct responsibility for delivery of the outcomes of the Commission.

We have responsibility for a broad range of regulatory and utility administrative matters. We are responsible under the ICRC Act for regulating and advising government about pricing and other matters for monopoly, near-monopoly and ministerially declared regulated industries, and providing advice on competitive neutrality complaints and government-regulated activities. We also have responsibility for arbitrating infrastructure access disputes under the ICRC Act.

We are responsible for managing the utility licence framework in the ACT, established under the Utilities Act 2000 (Utilities Act). We are responsible for the licensing determination process, monitoring licensees' compliance with their legislative and licence obligations and determination of utility industry codes.

Our objectives are set out in section 7 and 19L of the ICRC Act and section 3 of the Utilities Act. In discharging our objectives and functions, we provide independent robust analysis and advice.

Acknowledgement of Country

The Independent Competition and Regulatory Commission acknowledge the Ngunnawal people as traditional custodians of the land and recognise any other people or families with connection to the lands of the ACT and region. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

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How to make a submission

This issues paper provides an opportunity for stakeholders to give feedback and evidence to inform the direction and outcome of the investigation. It will also ensure that relevant information and views are made public and brought to the commission's attention.

Submissions on the issues paper close on **4 September 2026**.

Submissions may be mailed to the commission at:

Independent Competition and Regulatory Commission
PO Box 158
Canberra City ACT 2601

Alternatively, submissions may be emailed to the commission at icrc@act.gov.au. The commission encourages stakeholders to make submissions in either Microsoft Word format or PDF (OCR readable text format – that is, they should be direct conversions from the word-processing program, rather than scanned copies in which the text cannot be searched).

For submissions received from individuals, all personal details (for example, home and email addresses, and telephone and fax numbers) will be removed for privacy reasons before the submissions are published on the website.

The commission is guided by the principles of openness, transparency, consistency and accountability. Public consultation is a crucial element of the commission's processes. The commission's preference is that all submissions it receives be treated as public and be published on the commission's website unless the author of the submission indicates clearly that all or part of the submission is confidential and not to be made available publicly. Where confidential material is claimed, the commission prefers that this be under a separate cover and clearly marked 'In Confidence'. The commission will assess the author's claim and discuss appropriate steps to ensure that confidential material is protected while maintaining the principles of openness, transparency, consistency and accountability.

The commission may be contacted at the above address, by telephone on (02) 6205 0799 or via the commission's website at www.icrc.act.gov.au.

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1. Introduction

1.1 Purpose of the investigation

On 19 June 2026, the ACT Government notified the terms of reference (TOR) directing the commission to determine a price direction for standing offer prices for the supply of electricity by ActewAGL Retail (ActewAGL) to small customers. The TOR covers the three-year regulatory period commencing 1 July 2027. The current price direction sets the maximum prices that ActewAGL can charge for its regulated retail tariffs from 1 July 2024 to 30 June 2027.

This investigation will consider how the standing offer framework can continue to deliver reasonable outcomes for consumers while supporting an effective and competitive retail electricity market. In particular, we will examine whether the current pricing methodology continues to provide an appropriate safety-net price for customers who do not actively engage in the market, while ensuring regulated prices reflect prudent and efficient costs and do not unnecessarily impede competition. We will also consider how the framework should adapt to increasing smart meter deployment and the introduction of separately determined time-of-use standing offer tariffs.

This issues paper begins the consultation process to determine retail electricity prices from 1 July 2027 to 30 June 2030. The paper alerts stakeholders of the commission's investigation into retail electricity prices, and it seeks input on any issues they consider relevant. In addition, the issues paper informs stakeholders of the key issues we have identified, based on the TOR and recent developments in the electricity market and regulatory arrangements.

1.2 Commission's role and objectives

The Independent Competition and Regulatory Commission (the commission) is the Australian Capital Territory's (ACT) independent economic regulator. We regulate prices, access to infrastructure services and other matters in relation to regulated industries in the ACT.

Our objective, as set out in section 7 of the *Independent Competition and Regulatory Commission Act 1997* (ICRC Act), is to promote effective competition in the interest of consumers while facilitating an appropriate balance between economic efficiency, environmental and social considerations. When making price directions, section 19L of the ICRC Act also requires us to consider the interests of consumers in promoting efficient investment in, and operation and use of, regulated services. These objectives, as well as the more detailed requirements of section 20 of the ICRC Act, guide our decision making.

We balance the objectives and requirements of the Act by ensuring that the regulated prices for electricity services are set at no more than the level of prudent and efficient costs of providing those services. This approach is in the interests of consumers as it ensures they pay no more than required for their electricity services. It also accommodates the needs of the regulated business by allowing the recovery of efficiently incurred costs, including a reasonable margin. It encourages efficient operation and investment, as costs that are inefficient cannot be recovered through regulated prices. By allowing full cost recovery, and no more, the commission's approach also encourages effective competition in retail electricity. Any retailer,

with estimated costs equal to or below that of an efficient operator in the position of ActewAGL should be able to set competitive prices. However, a retailer's ability to compete will also depend on a range of other factors including service quality and innovation.

Further detail on our statutory objectives and the matters we must consider when making a price direction can be found in sections 7, 19L and 20(2) of the ICRC Act.

1.3 Terms of reference

The TOR requires us to ensure the methodology for determining standing offer prices continues to strike the right balance between providing a safety-net price for customers who do not actively shop around and facilitating a competitive retail electricity market. Our timeframe for the standing offer approval must provide adequate time for the reference price to be determined, and for retailers to provide timely advice to customers. This allows time for customers to be engaged in the market and make informed decisions.

This TOR also directs the commission to amend our methodology so that regulated time-of-use tariffs are determined individually, distinct from other tariffs. Separately, the TOR provides a reference for us to advise the Treasurer on the merits of amending current processes to enable separate reference prices for time-of-use and fixed-rate tariff customers. The TOR also requires the commission to consider whether the current methodology may provide excessive margins, where standing offer customers pay materially higher prices than those who actively seek better market offers.

Further, the TOR requires us to consider:

- the direct impact on electricity costs of government policies and the pass-through of costs and savings to regulated prices.
- the efficient and prudent cost of managing wholesale electricity risk for the period of the price direction.
- the efficient costs of complying with the Energy Efficiency (Cost of Living) Improvement Act 2012 for the period that the determination is being made.
- the cost allowance of the ACT feed-in tariff schemes (small-scale and large-scale) for the period that the determination is being made.

We are required to release our final report within the period from 1 March 2027 to 4 June 2027. The TOR are provided at [Appendix 1](#).

1.4 Timeline for the investigation

Our indicative timeline for the investigation is set out in Table 1.1.

Table 1.1 Indicative timeline for the retail electricity price investigation

Task	Date
Terms of reference notified	19 June 2026
Release of issues paper for public consultation	6 August 2026
Submissions on issues paper close	4 September 2026
Release of draft report for public consultation	Early February 2027
Submissions on draft report close	Early March 2027
Final report and price direction	May 2027

The closing date for submissions on the issue paper is **4 September 2026**. We will consider written submissions received by the closing date in the development of the draft report and the proposed price direction.

The draft report will be released in early February 2027. This will be followed by a one-month public consultation period, including a public hearing, to provide stakeholders with an opportunity to comment on the commission's findings and recommendations.

1.5 Structure of the issues paper

The remainder of this paper is structured as follows:

- Chapter 2 examines electricity prices and competition in the ACT to provide context for stakeholder feedback on the standing offer pricing methodology.
- Chapter 3 discusses the commission's current approach to regulating retail prices in the ACT.
- Chapter 4 describes each of the cost components of our retail electricity price model and identifies potential issues for the inquiry.
- Chapter 5 considers the introduction of a separate time-of-use standing offer price direction.
- Chapter 6 provides a consolidated list of questions.
- Appendix 1 reproduces the terms of reference.

2. Balancing reasonable prices and competition

The investigation considers whether the standing offer pricing methodology continues to strike the right balance between providing a reasonable safety-net price for customers who do not actively engage in the market and supporting a competitive retail electricity market.

To assist stakeholders in providing feedback on this matter, this chapter provides an overview of how electricity is supplied in the ACT, the role of the standing offer, recent electricity price outcomes and the state of competition in the ACT retail electricity market.

2.1 The ACT electricity market

Understanding how electricity is supplied in the ACT provides useful context for this investigation.

The ACT is part of the National Electricity Market (NEM), which connects the electricity systems of Queensland, New South Wales, the ACT, Victoria, South Australia and Tasmania. Electricity used by ACT customers is supplied through this interconnected market. While some electricity is generated within the ACT, most electricity consumed in the Territory is generated elsewhere and transported through the NEM.

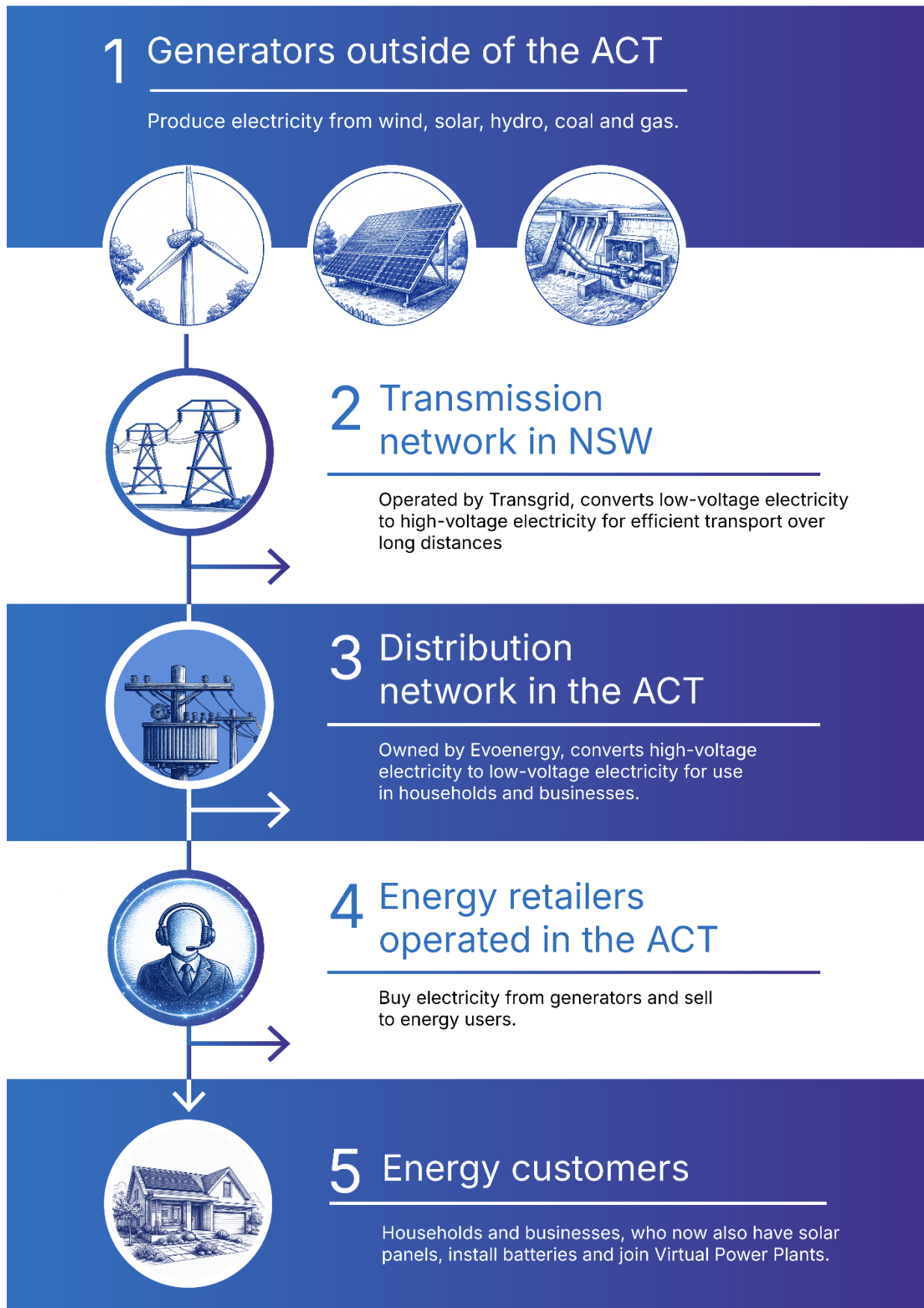
Electricity is transported to the ACT through the New South Wales transmission network and distributed to homes and businesses by Evoenergy, the ACT's sole licensed electricity distributor. Retailers purchase electricity from the wholesale market and sell it to customers.

The ACT also has a number of jurisdiction-specific schemes that affect electricity prices. These include the ACT's feed-in tariff arrangements for renewable generation and the Energy Efficiency Improvement Scheme (EEIS), which places obligations on retailers to support energy efficiency improvements. The costs of these schemes are considered in the commission's retail electricity pricing methodology.

In addition to these ACT-specific schemes, retailers must also comply with national renewable energy obligations, including the Large-scale Renewable Energy Target and the Small-scale Renewable Energy Scheme. Together, these national and Territory-specific arrangements form part of the broader policy framework that influences electricity prices in the ACT.

Evoenergy also provides connection services that allow customers and electricity-generating systems to connect to the ACT electricity network. At the same time, increasing uptake of rooftop solar means that many ACT households and businesses are both consumers and producers of electricity. While these activities are outside the scope of retail electricity price regulation, they are an important feature of the ACT electricity market and broader energy transition.

Figure 2.1 Electricity supply chain



2.2 The role of the standing offer

The standing offer plays an important role in the ACT retail electricity market.

Standing offers provide a regulated safety-net price for customers who have not actively chosen a market offer or who prefer to remain on a regulated tariff. The commission determines the maximum prices that ActewAGL may charge these customers.

The standing offer also performs a broader market function. The regulated prices determined by the commission are used to establish the ACT reference price, which retailers must use when advertising and comparing market offers under the ACT Retail Electricity (Transparency and Comparability) Code.

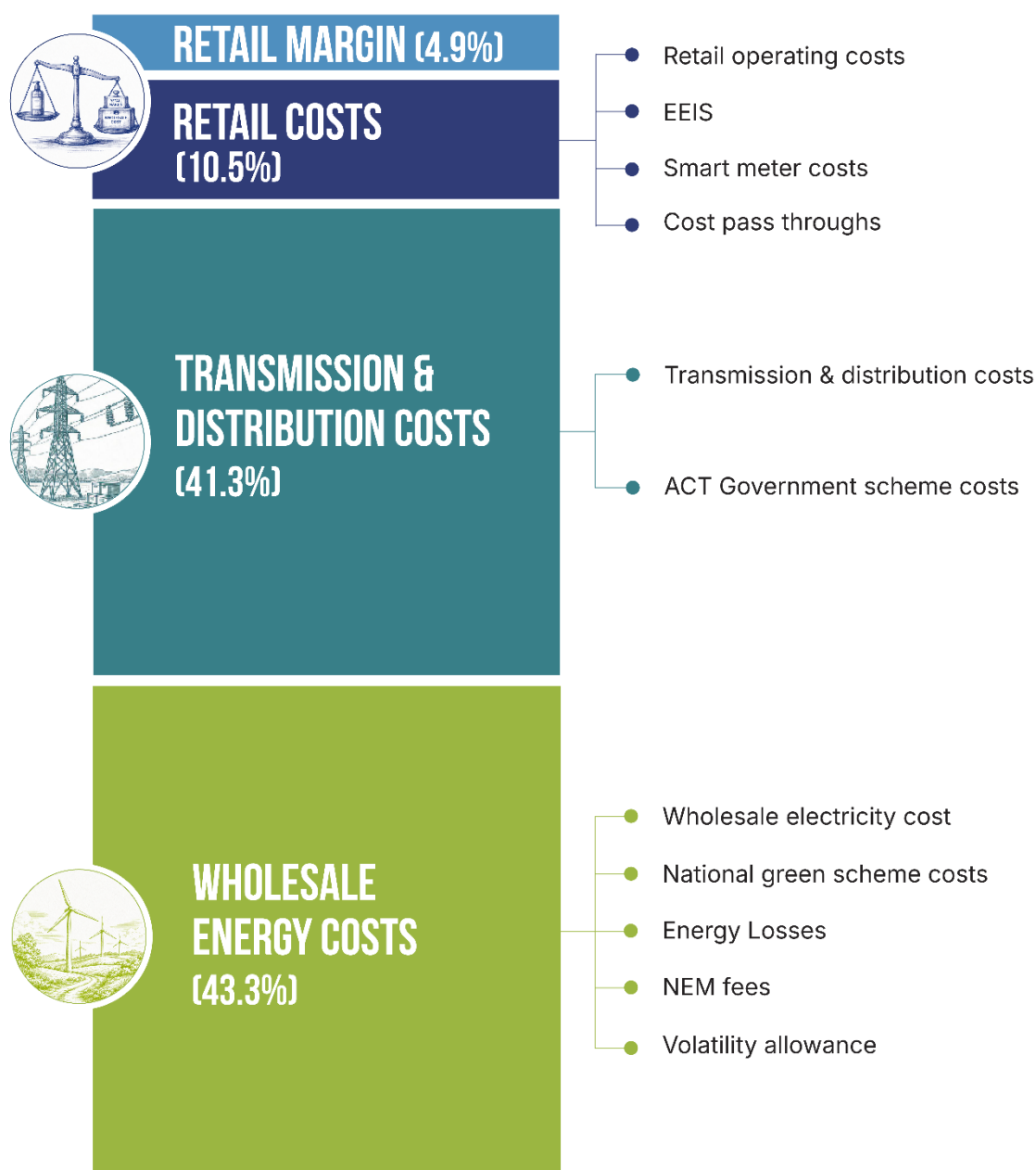
In determining standing offer prices, the commission seeks to balance several objectives. Prices should protect consumers by reflecting no more than the prudent and efficient costs of supplying electricity. At the same time, regulated prices should enable the recovery of efficient costs and a reasonable return, while supporting effective competition in the retail electricity market.

This investigation will consider whether the current methodology continues to strike an appropriate balance between these objectives in a changing market characterised by increasing customer engagement, growing deployment of smart meters and the expanding use of time-of-use tariffs.

The commission's pricing methodology is designed to estimate the prudent and efficient costs incurred by a benchmark retailer in supplying electricity to small customers. These costs include wholesale electricity purchases, network charges, ACT Government schemes, national renewable energy obligations, retail operating costs and a retail margin.

Figure 2.2 shows the relative contribution of each cost component to regulated retail electricity prices in 2026–27. Wholesale electricity costs and network costs account for the largest share of retail electricity prices. ACT Government schemes, retail operating costs and the retail margin are also significant contributors. The relative importance of these components provides useful context for the issues considered in this investigation and the detailed discussion of the pricing model in Chapter 4.

Figure 2.2 Cost components as share of total costs, 2026–27



Source: Independent Competition and Regulatory Commission, *Retail electricity price recalibration 2026–27: standing offer prices for the supply of electricity to small customers*, May 2026.

2.3 Price outcomes in the ACT

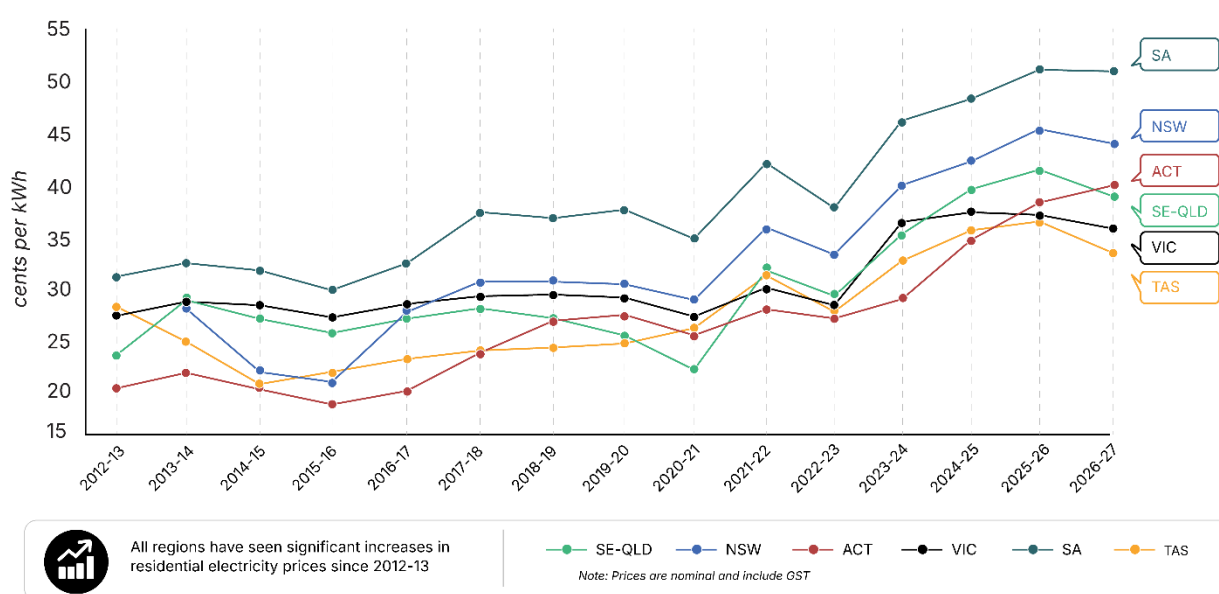
The standing offer is only one component of the ACT retail electricity market. While regulated prices apply only to ActewAGL standing offer customers, they influence the broader market through their role in establishing the ACT reference price.

The share of customers on standing offers has decreased substantially over time. The commission's ACT Retail Electricity Market Monitoring Report 2025 (2025 market monitoring report) found that the

proportion of residential customers on market offers increased from 24% in 2015–16 to 86% in 2024–25. As the report highlighted, this was the largest increase among National Electricity Market jurisdictions over the period and the ACT now ranks third for residential market offer participation. Similarly, the proportion of small business customers on market offers increased from 27% in 2015–16 to 67% in 2024–25. These trends indicate that an increasing share of ACT customers are actively engaging with the retail electricity market.

Figure 2.3 shows residential electricity price trends in the ACT and other National Electricity Market jurisdictions over the period from 2012–13 to 2026–27. Regulated retail electricity prices have increased across jurisdictions over the past decade, particularly following the period of elevated wholesale electricity prices from 2021 to 2024. In the ACT, standing offer prices increased substantially in 2024–25 and 2025–26, before slowing down in 2026–27. For 2026–27, the commission determined that ActewAGL could increase its standing offer tariffs by 2.73% in nominal terms, equivalent to a 0.51% decrease in real terms after accounting for inflation.

Figure 2.3 Residential electricity price trends, 2012-13 to 2026-27



Sources: Our calculations based on: AER, *Default Market Offer 2026–27 Final Determination*, 2026; ESC, *Victorian Default Offer 2026–27: Final Decision Paper*, 2026; ICRC, *Retail electricity price recalibration 2026–27: standing offer prices for the supply of electricity to small customers*, 2026; Office of the Tasmanian Economic Regulator, *2026 Regulated retail electricity pricing investigation-Final report*, 2026.

The commission's 2025 market monitoring report found that competition is delivering significant savings for many ACT electricity customers. Around 82% of residential customers and 77% of small business customers were on offers priced below the ACT reference price, with many receiving discounts of 10% or more. However, the report also identified substantial variation between offers available in the market. For residential flat-rate and time-of-use offers, customers on the highest-priced offers paid more than double the annual bills of customers with the same representative usage on the cheapest market offers.

The report also identified evidence of a loyalty penalty for customers who remain on older flat-rate offers. Residential customers without controlled load on legacy flat-rate offers paid a median annual bill of \$2,239, around 10% or \$207 more than customers on new flat-rate market offers introduced in 2025. Small business customers on legacy flat-rate offers paid a median annual bill of \$5,757, around 4% or \$224 more than customers on new flat-rate market offers.

Despite recent increases, ACT standing offer prices remain broadly comparable with regulated or default standing offer prices in other jurisdictions. For a representative residential customer consuming 6,500 kWh per year, the commission estimated that the ACT's maximum annual residential standing offer bill from 1 July 2026 was around \$2,640, including GST. This was lower than estimated bills in New South Wales and South Australia, broadly similar to Queensland, and higher than Victoria and Tasmania.

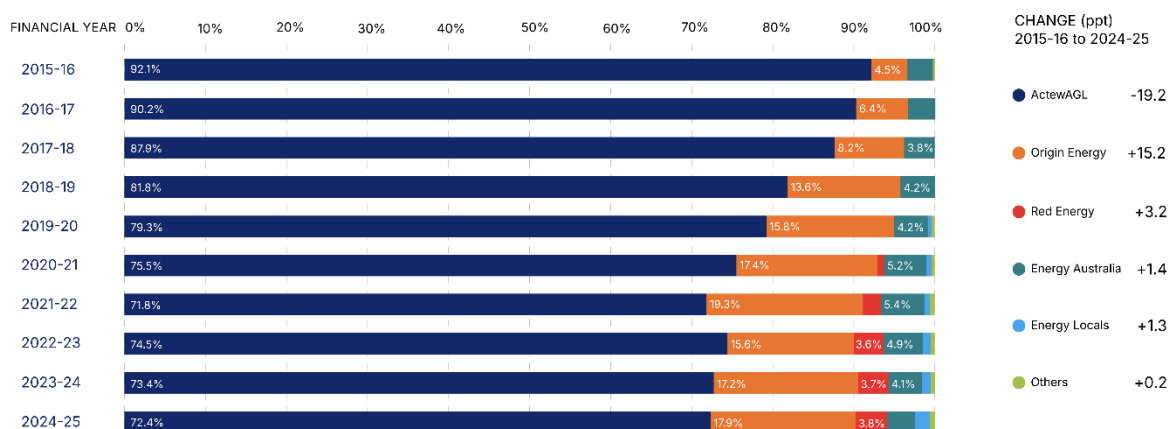
These findings suggest that competition is delivering benefits for many ACT customers, particularly those who actively compare offers, respond to retailer communications or switch plans. However, customers who remain on standing offers, legacy offers or other less competitive plans may pay materially more than customers with similar consumption who actively engage with the market. This investigation will consider whether the current standing offer methodology continues to strike an appropriate balance between protecting less engaged customers and supporting effective competition.

Government support programs also contribute to affordability outcomes. In 2024–25 the ACT Government concession for low-income households was found to reduce the share of household income spent on electricity from 3.8% to 2.4%.

2.4 Competitive landscape

The ACT retail electricity market remains relatively concentrated compared with larger jurisdictions in the National Electricity Market. ActewAGL continues to serve the majority of small electricity customers in the ACT. However, its market share has declined over time as shown in Figure 2.4.

Figure 2.4 Market share by retailer, 2015–16 to 2024–25



Note: Percentages may not sum to 100 due to Rounding

Source: AER retail performance reporting and our analysis.

The number of active retailers in the ACT has also increased over time. In 2024–25, there were 16 active electricity retailers serving residential and small business customers in the ACT. This was below the peak of 19 active retailers in 2021–22, but remained higher than the number operating in the ACT before 2020–21. This suggests that barriers to entry and exit are not preventing retailers from operating in the ACT market, although the ACT remains a relatively small market compared with other jurisdictions.

While this investigation only applies to ActewAGL's standing offers, ActewAGL accounts for almost all standing offer customers in the ACT. According to the Australian Energy Regulator's retail energy market performance data for January to March 2026, approximately 96.5 per cent of residential standing offer customers were supplied by ActewAGL. Origin Energy and EnergyAustralia accounted for 2.2 per cent and

1.2 per cent respectively. As a result, the commission's standing offer price regulation framework applies to the vast majority of customers on standing offers in the ACT.

The ACT Retail Electricity (Transparency and Comparability) Code has been in place since 2021 and is now an established part of the ACT retail electricity market. The Code requires retailers to advertise their prices against the ACT Reference Price, tell customers about plans that may save them money, and provide tailored information to help customers choose an appropriate plan. These requirements are intended to make it easier for customers to compare electricity plans and access better offers.

In November 2024, the commission issued guidelines to support the operation of the Code and provide greater clarity for retailers in meeting their obligations.

Questions for stakeholders:

1. Do you have any comments on electricity prices and competition in the ACT or on other measures that could improve the balance between them to improve outcomes for ACT consumers?

3. How we regulate retail electricity prices in the ACT

This chapter discusses the controls that we have used to regulate electricity prices in the ACT during the 2024–27 regulatory period, but some aspects of our approach may change as a result of this price investigation. Regulatory controls refer to the arrangements by which regulated retail electricity prices are set and adjusted during the regulatory period. They include:

- using a cost-index method to set a maximum for the average price change across ActewAGL's basket of regulated tariffs
- adjusting prices from one year to the next using a weighted average price cap, with a 2-percentage-point upper bound side constraint
- undertaking an annual price reset process
- using pass-through arrangements to provide for the treatment of certain unexpected events beyond the control of ActewAGL, subject to a materiality threshold for regulatory change events
- applying a cut-off date of 21 May for all inputs to the cost stack, with arrangements to manage late network and feed-in tariff information.

3.1 We set standing offer prices for ActewAGL

The regulated standing offer rates only apply to ActewAGL customers. We use a hypothetical efficient incumbent retailer in the same position as ActewAGL as the benchmark retailer. This means that we estimate the prudent and efficient costs of an incumbent business providing the regulated retail service, rather than using ActewAGL's actual costs or estimating the efficient costs of a new entrant or small retailer.

While the regulation of standing offer prices does not apply to retailers other than ActewAGL, the regulated standing offer price provides some constraint on market prices and is also relevant to other retailers because of its role in informing the ACT reference price. The reference price is used by retailers when advertising and comparing offers under the ACT Retail Electricity (Transparency and Comparability) Code.

3.2 Our method for setting regulated prices

We use a cost-index approach to set regulated electricity prices in the ACT. Under this approach, we estimate the likely change in the costs of supplying electricity to small customers. In broad terms, we derive an index, being the maximum allowable percentage change, by comparing the total cost of supplying electricity in the relevant year with the cost of supplying electricity in the preceding year.

To derive this index, we estimate the individual cost components that would be incurred by a benchmark retailer when providing electricity supply services to small customers on regulated tariffs. We create this cost stack by modelling wholesale energy costs, including hedging and environmental scheme costs, using a pass-through of network costs from the Australian Energy Regulator's (AER) regulatory decisions, and

providing an allowance for retail operating costs and a retail margin. We discuss the individual components of our cost stack model in Chapter 4.

The resulting index then sets the maximum allowable percentage change to ActewAGL's regulated prices from one year to the next. Under this weighted average price cap form of regulation, ActewAGL retains discretion over how it adjusts prices across its individual standing offers, provided the total weighted adjustment stays within that overall cap.

In addition, the price change for any individual regulated tariff is bound by a side constraint, where it cannot vary by more than 2 percentage points from the weighted average price change. This provides some flexibility to ActewAGL to align its tariffs with underlying costs, while also protecting standing offer customers from large price increases on any single tariff.

3.3 We undertake annual reviews of cost components

The commission will determine a price direction for the three-year period from 1 July 2027 to 30 June 2030. The determination will establish the maximum allowable change in regulated standing offer prices for 2027–28, as well as the methodology, regulatory controls and cost calculation approaches that will apply throughout the regulatory period. For 2028–29 and 2029–30, the commission will undertake annual recalibration processes to update the cost-index model using the latest available cost and demand information and determine the maximum allowable annual change in regulated standing offer prices.

The annual recalibration process involves updating the retail electricity cost-index model for the latest data. This process draws on updated forecasts of wholesale energy costs and expected demand, updated network costs and green scheme costs. The reset process can also incorporate additional costs from a pass-through event.

3.4 We use cost pass-through arrangements to manage unexpected costs

Pass-through arrangements apply to events that are unexpected, or whose extent was uncertain, and that are beyond the control of the regulated entity. We currently allow for pass-through arrangements for a range of regulatory change and tax change events. Pass-through reviews for these events are undertaken as part of the annual reset process.

In the final decision for the current regulatory period, which is the 2024–27 regulatory period, we reinstated a materiality threshold for regulatory change events. The key features of the materiality threshold are:

- The threshold is \$200,000 per regulatory change event.
- The threshold applies only to regulatory change events — no threshold applies to tax change events.
- ActewAGL may aggregate the costs of a single event across multiple regulatory years to satisfy the threshold.

As part of this investigation, we will review the process for pass-through arrangements. This will include consideration of the classes of events eligible for pass-through treatment, the timing of the pass-through process, and whether the current \$200,000 materiality threshold for regulatory change events remains appropriate.

3.5 Timeline for setting the standing offer and reference price

In the final decision for the current regulatory period, we set a cut-off date of 21 May for all cost-stack inputs to ensure sufficient time for the ACT Government to determine the reference price and for retailers to meet their legal obligations to notify customers of price changes. Most cost-stack components are finalised by 30 April, with network cost inputs finalised by 21 May. Specifically, we decided to:

- Bring forward the timing of national green scheme costs, being the inputs to the LRET and SRES cost calculation, by one month so they no longer hold up finalisation of the cost stack
- Use the network pricing proposal submitted by Evoenergy to the AER if approved network prices are not available by the cut-off date
- Use Evoenergy's large-scale feed-in tariff adjustments to network prices if available by the cut-off date, or otherwise use the commission's estimate of the impact of the large-scale feed-in tariff
- Include a true-up in the following year for any material difference between estimated and actual network prices and the large-scale feed-in tariff.

This timing is intended to allow the reference price to be determined by the ACT Government in time for retailers to meet their obligations to notify customers of price changes. We will consider whether any changes should be made to this timing for the 2027–30 regulator period. In particular, the introduction of individually determined time-of-use tariffs and any separate reference price may have further implications for this timeline. We discuss these matters in Chapter 5.

Questions for stakeholders:

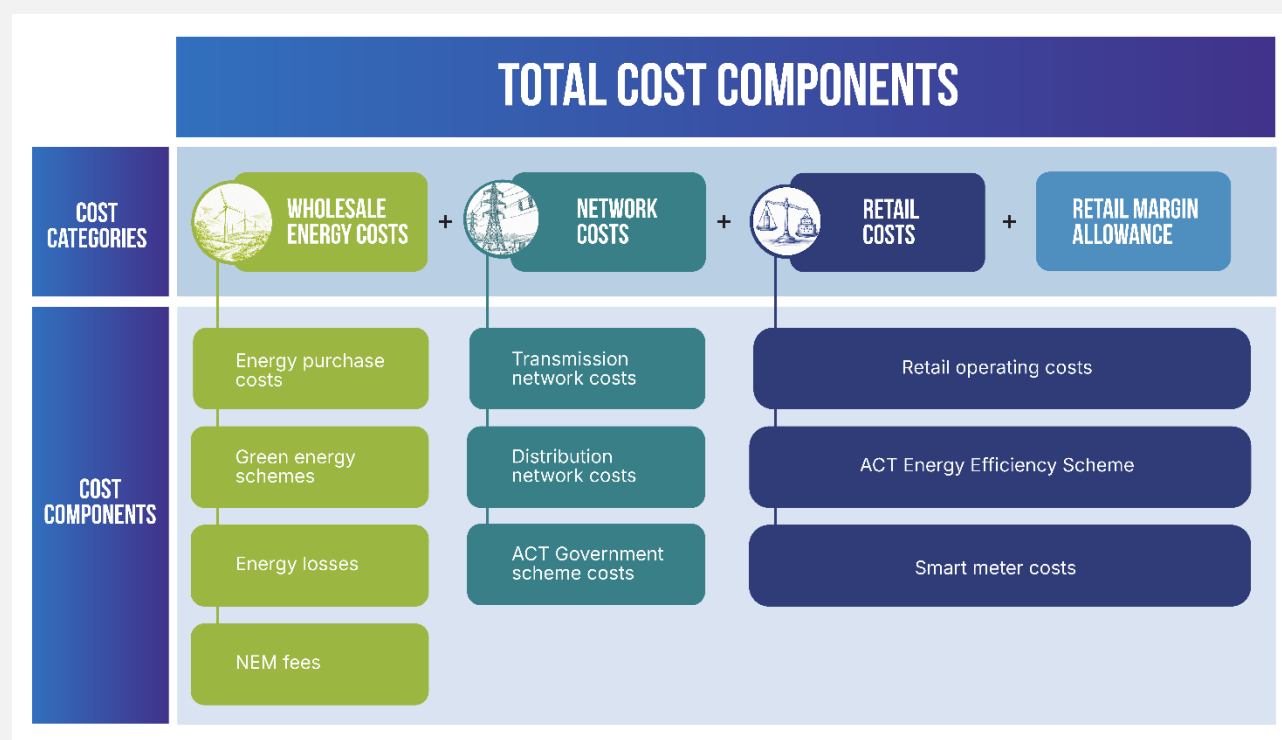
2. Do you have any comments on our approach to regulating retail electricity prices?
3. Are there any aspects of the cost pass-through arrangements that should be revised?
4. Do you have any comments on the timeline for setting the standing offer and reference price?

4. The components of retail electricity costs

This chapter describes the key elements of our pricing model. It details the approach we use to set retail electricity prices in the current regulatory period and identifies possible changes and updates that could be implemented in the next regulatory period, which is the 2027–30 regulatory period.

4.1 Overview of the pricing model

Figure 4.1 The commission’s electricity pricing model



Source: ICRC.

Our pricing model contains four main cost categories:

- Wholesale electricity costs – which comprise energy purchase costs, Large-scale Renewable Energy Target (LRET) and Small-scale Renewable Energy Scheme (SRES) costs, energy losses, and National Electricity Market (NEM) fees.

- Network costs – which include transmission and distribution costs and jurisdictional scheme costs (such as the ACT Government’s feed-in tariff schemes). Transmission and distribution costs are regulated by the AER.
- Retail costs – which comprise retail operating costs, Energy Efficiency Improvement Scheme (EEIS) costs, smart meter costs, and other approved pass-through costs.
- Retail margin allowance – which provides a profit allowance to retailers for providing electricity services.

Once these cost categories are estimated, they are added together to produce total costs to be recovered in dollars per megawatt hour (\$/MWh). The total costs are then compared to the total costs calculated for the previous year. This produces a maximum allowable percentage change that ActewAGL can apply to its regulated retail tariffs.

4.2 Components of the current pricing model

4.2.1 Energy purchase cost

Energy purchase costs are the costs incurred by the benchmark retailer in purchasing electricity from the wholesale electricity market. Retailers are exposed to the spot price for the electricity they draw from the NEM, which can vary significantly between settlement intervals. To manage this price risk, retailers typically use hedging arrangements.

As part of this investigation, we will consider our broader approach to estimating energy purchase costs, including the appropriateness of the current hedging strategy and whether changes are required to reflect developments in wholesale electricity markets. We will also consider whether the introduction of a separately determined time-of-use standing offer price, discussed in Chapter 5, has implications for the way energy purchase costs are estimated and allocated between tariff types.

Our approach to estimating the energy purchase cost involves four steps that are outlined in the following sections.

Step 1: Determine an appropriate hedging strategy

While there are different ways that retailers can hedge their exposure to spot prices, we assume that the benchmark retailer will use exchange-traded financial derivatives. This method of hedging is available to any retailer of a reasonable size and because trading is done on the Australian Securities Exchange (ASX), it is also transparent.

We determine the mix of base swap and base cap contracts that a benchmark retailer will use by estimating a prudent hedging strategy and we then apply this to the ACT electricity load to determine the contract position. For the current regulatory period, we used a hedging strategy developed by Frontier Economics using its portfolio optimisation model.

The contract position is updated each year as electricity load data changes. This reflects changes in the quantity and timing of electricity consumption, which affect the amount of hedging required by the benchmark retailer. By contrast, the underlying hedging strategy is not updated annually, as it represents a broader assessment of the prudent approach to managing wholesale electricity price risk and is not expected to materially change from year to year.

As part of this investigation, we will consider whether the current hedging strategy remains appropriate for the next regulatory period or whether changes are required to reflect developments in the wholesale

electricity market. To inform this analysis, we are considering whether retailers should be required to provide information on their wholesale procurement and hedging strategies as part of the investigation.

Step 2: Determine contract prices

The contract price refers to the forward price of the particular hedging instrument (base swap and base cap contracts). We use the 23-month volume-weighted average of forward prices from ASX market data. This averaging period reflects the fact that retailers typically hedge in advance of the year in which they supply customers. It also smooths out both upward and downward fluctuations in forward prices and consequently in wholesale energy purchase costs and retail prices. This approach provides a balance between economic efficiency and social considerations as required under the ICRC Act.

In the current regulatory period, we moved from a time-weighted average to a volume-weighted average of ASX forward prices, as this better reflects the prices retailers pay and aligns with the approach used by the AER and Essential Services Commission.

Step 3: Develop the half-hourly profile of load and spot prices

To determine energy purchase cost, load and spot price data are required. In the current regulatory period, we moved from the most recent five calendar years of load and spot price data to the most recent three calendar years, and included interval (smart) meter data alongside the Net System Load Profile (NSLP) in the load profile, reflecting the increased penetration of smart meters. Half-hourly spot prices are scaled to the average base swap forward price for each quarter less a forward price margin, using a 40-trading-day volume-weighted average of base swap prices to 30 April, with the forward price margin (contract premium) set at 5%.

Step 4: Calculate settlement payments and difference payments.

The final step is to use the data described above to calculate settlement and difference payments for each half-hour trading interval over the three-year historical period. The total cash flow is then divided by the total load for the same period to determine the energy purchase cost on a dollar per megawatt hour basis.

4.2.2 Volatility allowance

A typical hedging strategy adopted by the benchmark retailer leaves some residual level of exposure to volatile spot prices, because buying contracts to cover all possible spot price and demand scenarios can be very expensive. The residual risk can be accounted for by holding some working capital (i.e., cash) to fund spot market purchases if electricity demand is larger than accounted for by the hedging strategy. The cost of holding this working capital is known as a volatility allowance.

In the current regulatory period, we continued using the Victorian Essential Services Commission (ESC) methodology in determining the volatility allowance. However, rather than using the median and the highest energy purchase cost calculated for Victorian businesses, we adopted an ACT-specific approach based on the median and the highest energy purchase cost calculated for the ACT. Consistent with the methodology used by the ESC, the volatility allowance is calculated by taking the difference between the median and highest energy purchase cost and applying a cost of capital of 7.5%.

In addition, the decision was to hold the volatility allowance value constant at \$0.5/MWh for the regulatory period, given it accounts for a very small proportion of total costs.

Stakeholders are invited to comment on whether the current methodology and value of the volatility allowance remain appropriate for the next regulatory period.

4.2.3 Environmental costs

The LRET and SRES are national environmental obligations imposed by the Australian Government that create financial incentives for investment in renewable energy. The schemes require electricity retailers to purchase and surrender Large-scale Generation Certificates (LGC) and Small-scale Technology Certificates (STC) to the Clean Energy Regulator in percentages set each year.

We apply a market-based approach for determining efficient LRET and SRES costs, using LGC price data sourced from a market broker, with an allowance for the cost of holding certificates between purchase and surrender. In the current regulatory period, we maintained this approach but changed the averaging period for LGC and STC prices to the 12 months to the end of April (previously the 11 months from 1 July to 31 May). The finalisation of the cost stack is no longer held up until early June and adequate time is available for determination of the reference price. We maintained the holding cost allowance based on the cost of debt.

We are interested in stakeholder views on whether the current market-based approach, certificate price averaging period and holding cost allowance continue to provide a reasonable estimate of environmental scheme costs.

4.2.4 Energy losses

Some electricity is lost in transporting from generators to customers via transmission and distribution networks. Retailers purchase additional electricity to allow for these losses. The loss factors are calculated by AEMO and are used by all regulators to determine the energy loss allowances where regulated tariffs apply. We determine the energy losses component by applying AEMO's transmission and distribution loss factors to the energy purchase cost component, LRET and SRES costs and the NEM fees. We have been applying this approach since 2014.

The commission welcomes feedback on whether this approach continues to provide an appropriate estimate of energy losses.

4.2.5 National Electricity Market fees

AEMO recovers its costs from participants in the National Electricity Market (NEM), including electricity retailers. These costs include running the NEM wholesale electricity market and procuring ancillary services to maintain a secure power system. For the current regulatory period, we changed our approach so that NEM fees are recalculated each year of the regulatory period using AEMO's draft budget (published in April each year) and ancillary services reports, rather than using observed cost data for the first year indexed by CPI for subsequent years. This is administratively simple and more accurate and is consistent with other regulators.

Ancillary service charges are taken from AEMO's Ancillary Service Recovery reports for the preceding 52-week period ending as close as possible to the end of April. As the ACT is part of the NSW region, the data used is also for NSW.

This investigation provides an opportunity to assess whether the current approach to estimating national fees remains fit for purpose.

4.2.6 Network costs

Network costs are the transmission and distribution charges paid by ActewAGL, which are determined by the AER and released each year around mid-May.

Network costs also include ACT Government scheme costs (jurisdictional scheme costs), comprising feed-in tariff scheme costs and other jurisdictional charges. We pass through these charges.

Under the ACT Large-scale Feed-in Tariff (LFiT) scheme, the ACT Government sources renewable electricity from large-scale wind and solar generators and pays them a fixed contract price, with Evoenergy administering the scheme. In December 2023, following an application by Evoenergy, the AER approved that the LFiT cease to be a jurisdictional scheme under the National Electricity Rules. Evoenergy now calculates the tariff adjustments to pass through LFiT amounts, whether positive or negative, to customers. This changed the mechanism for recovering or returning LFiT amounts, rather than the broad treatment of those amounts in regulated prices.

4.2.7 Retail operating costs

Retail operating costs are the efficient costs incurred by the benchmark retailer in providing retail services to its customers, generally defined as the cost to serve plus customer acquisition and retention costs.

In the current regulatory period, we adopted a new benchmark based on the customer-weighted average of retail operating cost allowances for competitive NEM regions (the AER's DMO regions and the ESC's VDO for Victoria). This includes the cost to serve, an allowance for customer acquisition and retention costs, and bad and doubtful debts. Smart meter costs are excluded as they are captured separately.

This produced a benchmark of \$173 per customer per year in 2023–24 dollars – a significant increase on the previous benchmark of \$143 – which we adjust for CPI over the regulatory period. We also began collecting cost data from ACT retailers, which supported the benchmark, and will continue to collect this data annually for use in future investigations.

As part of this investigation, we will consider whether the current benchmark and methodology for estimating retail operating costs remain appropriate for the 2027–30 regulatory period.

4.2.8 Smart meter costs

Smart meter costs are incurred by retailers to install and operate advanced meters for small customers. In the current regulatory period, smart meter costs are treated as a separate cost category and are therefore excluded from the retail operating cost allowance.

The commission estimates these costs using forecasts provided by ActewAGL and undertakes an annual true-up for differences between forecast and actual costs. As part of this investigation, we will consider whether the current approach remains appropriate for the 2027–30 regulatory period, noting the accelerated rollout of smart meters under the National Electricity Rules, which is intended to achieve universal smart meter deployment by 2030.

4.2.9 ACT Energy Efficiency Improvement Scheme costs

The ACT Government's Energy Efficiency Improvement Scheme (EEIS), under the Energy Efficiency (Cost of Living) Improvement Act 2012, places a mandatory obligation on all active retailers in the ACT to promote energy efficiency measures in households and small businesses. The current EEIS, which was initially legislated to expire in 2020, has been modified and extended to 2030.

We determine the EEIS cost allowance using cost estimates provided by ActewAGL, subject to a forward-looking prudence and efficiency assessment, with provision for an ex-post adjustment (a true-up) to account for the actual costs of complying with the scheme. As part of the assessment, we satisfy ourselves that ActewAGL has undertaken a robust expenditure decision-making process and that its proposed costs are below the cost ceiling determined by reference to the scheme's penalty rate for non-compliance.

Stakeholders are invited to comment on whether the current methodology for estimating EEIS costs continues to appropriately reflect the costs faced by retailers in complying with the scheme.

4.2.10 Retail margin

The retail margin represents the return on the investments made by the benchmark retailer in providing retail electricity services. For the current regulatory period, we did a full review of the retail margin and set the margin at 5.5%. This was implemented using a 50/50 weighting between a dollar amount, which is indexed annually by CPI, and a percentage of the cost stack. We relied on analysis by Frontier Economics, which used both a benchmarking approach and an expected returns approach, and we used the midpoint of the expected returns approach, cross-checked against ACCC evidence on retailers' actual margins and the AER's and ESC's most recent determinations.

Prior to that, the margin was applied entirely as a percentage of the cost stack, which meant that large movements in other cost components (particularly the energy purchase cost) could cause the margin to move in ways that did not reflect changes in retailers' costs or risk.

As part of this investigation, we will consider whether the current retail margin and the methodology used to determine and apply it remain appropriate for the 2027–30 regulatory period.

Questions for stakeholders:

5. Do you have any comments on the way components of the pricing model are calculated? Do you have any proposed changes or updates so that the pricing model better reflects the costs of a benchmark efficient retailer?
6. Do any cost components of the cost stack contribute to the standing offer price being materially above competitive market offers in the ACT? If so, what changes should be made, while maintaining the standing offer as a safety net and supporting effective competition?

5. Introducing a time of use standing offer price direction

The terms of reference requires the commission to make a separate determination in respect of regulated time-of-use tariffs. This is a departure from the current approach, under which all standing offer tariffs are regulated through a single price direction.

The terms of reference do not require the commission to determine the structure of time-of-use tariffs, including the peak, shoulder and off-peak time periods or the individual prices that apply during those periods. These matters remain the responsibility of the retailer. The commission's role is limited to determining the regulated price outcome that applies to regulated time-of-use tariffs.

Consistent with the approach described in Chapters 3 and 4, we propose to continue using a cost-index methodology to estimate the efficient costs of supplying electricity and to determine the maximum permitted annual change in regulated prices. However, in response to the terms of reference, we will consider how separate cost estimates and separate maximum annual price changes should be determined for time-of-use standing offer tariffs and all other standing offer tariffs.

5.1 Background on time-of-use tariffs

Time-of-use tariffs charge different prices for electricity depending on when it is used. Unlike flat-rate tariffs, where customers pay the same usage rate regardless of the time of day, time-of-use tariffs generally include different rates for peak, shoulder and off-peak periods. These tariffs are intended to better reflect the variation in the cost of supplying electricity at different times and can provide customers with incentives to shift consumption away from higher-cost periods.

Time-of-use pricing is becoming more relevant as smart meters increase in line with the 100% smart meter target for 2030 mandated by the Australian Energy Market Commission. Smart meters record electricity consumption at regular intervals, allowing retailers to charge customers based on when electricity is used. As more customers move from basic meters to smart meters, a growing share of ACT customers may be able to access time-of-use tariffs. As at February 2026, around 26 per cent of ActewAGL's residential standing offer customers were on time-of-use tariffs, compared with 60 per cent on flat-rate tariffs and 14 per cent on demand tariffs. The terms of reference for this investigation require us to amend the current approach under which time-of-use tariffs are regulated as part of a broader basket of standing offer tariffs. From 2027–28, regulated time-of-use tariffs are to be determined individually, distinct from other regulated tariffs. This will result in a separate time-of-use standing offer price direction in the ACT for the first time.

5.2 Regulated time-of-use tariffs in the ACT

ActewAGL currently offers a range of standing offer tariff types, including flat tariffs, time-of-use tariffs and demand tariffs. Under a time-of-use tariff, the price of electricity varies depending on when electricity is consumed. By contrast, under a demand tariff, part of a customer's bill depends on their highest level of electricity use during specified periods, rather than simply when electricity is consumed. Demand tariffs are designed to better align prices with the costs of supplying electricity and to incentivise customers to reduce peak demand on the network.

The commission currently regulates the annual changes for these tariffs, but it does not regulate tariff structure. For example, we do not determine the timing of peak, shoulder and off-peak periods, how retailers design their tariffs, or the individual tariff components and prices within the constraints of the price direction.

The terms of reference require the commission to determine a separate price direction for time-of-use standing offer tariffs from 2027–28 onwards. This raises a range of questions about how the efficient costs of supplying customers on time-of-use tariffs should be estimated and whether separate maximum annual price changes should apply to different tariff classes. We discuss these issues in the following section.

5.3 Methodological issues in setting a time-of-use standing offer

Determining a separate standing offer price direction for time-of-use tariffs raises methodological issues that do not arise, or are less significant, under the current single-basket approach.

A key issue is how representative customers should be defined for each tariff class. The commission will need to consider whether separate representative customer profiles and cost stacks should be developed for time-of-use customers and for customers on all other standing offer tariffs.

This may require consideration of both the appropriate annual consumption level and the pattern of electricity use for each customer group, including whether separate representative customer profiles are required for time-of-use tariff customers versus all other regulated tariff customers. For time-of-use customers, this includes how consumption is distributed across different periods of the day. The commission will also consider whether the current representative customer and cost stack should be adjusted to exclude time-of-use customers if separate regulated price outcomes are determined for each tariff class.

The choice of representative customer profiles could affect the estimated costs of supplying each tariff class and the resulting regulated price outcomes.

The existing cost-index model estimates the efficient costs that would be incurred by a benchmark retailer in supplying electricity to customers on regulated tariffs. However, the introduction of separate price directions for time-of-use standing offer tariffs and other standing offer tariffs may require the development of separate cost stacks for each tariff class. This would ensure that the costs attributed to each tariff class appropriately reflect the costs of supplying those customers.

Energy purchase cost depends on when electricity is consumed, because spot prices and contract values vary across the day and across seasons. Customers on time-of-use tariffs may have a different load profile from customers on flat-rate tariffs, particularly if they respond to price signals by shifting usage away from peak periods. As a result, a separate time-of-use standing offer may require consideration of whether the current load profile used in the energy purchase cost model remains appropriate, or whether a time-of-use-specific load profile should be used. This will also depend on whether such specific data is available for comparison.

Network costs are also relevant. To determine a regulated price outcome for time-of-use standing offer tariffs, we will need to estimate the network costs faced by a retailer supplying time-of-use customers. This will require consideration of the usage profile of representative time-of-use customers and the network charges that apply to those customers. However, we do not propose to regulate the structure of retail time-of-use tariffs, including the timing of peak, shoulder and off-peak periods.

Other cost components may not require substantial change. Retail operating costs, EEIS costs, NEM fees, smart meter costs and the retail margin are not necessarily driven by the time of day that electricity is

consumed. However, we will consider whether any of these costs differ materially between time-of-use and flat-rate customers, or whether they can continue to be applied consistently across tariff types.

We propose to continue using the cost-index approach described in Chapters 3 and 4 to determine the maximum permitted annual change in regulated standing offer prices. However, to implement the terms of reference, we will consider how separate cost stacks should be developed for time-of-use standing offer tariffs and all other standing offer tariffs, resulting in separate maximum annual price changes for each tariff class. This may require the development of a time-of-use cost stack for 2026–27 to enable consistent comparison with future time-of-use cost estimates under the cost-index methodology.

An associated issue is how the existing side constraint will operate under this approach. Under the current framework, the side constraint applies across the regulated tariff basket and limits price movements for individual tariffs. We will consider whether separate side constraints or other compliance arrangements are required for time-of-use standing offer tariffs and the remaining standing offer tariffs.

We welcome stakeholder views on the availability of relevant data, which cost components are likely to differ materially between tariff classes, and whether separate estimation of those costs would improve the accuracy of regulated price outcomes.

5.4 Other jurisdictions' approaches to regulated time-of-use tariffs

Other economic regulators in Australia provide useful examples of how time-of-use tariffs can be incorporated into regulated or benchmark retail price frameworks. These approaches differ because each regulator operates under a different legislative framework and policy objective. However, they highlight issues relevant to this investigation, including whether to develop a separate load profile for time-of-use customers and how to allocate wholesale energy costs across pricing periods.

The AER determines the DMO for residential and small business customers in New South Wales, South Australia and Southeast Queensland. The DMO acts as both a cap on standing offer prices and a reference price for comparing market offers. The AER's approach does not use a separate wholesale load profile for time-of-use customers. Instead, wholesale costs are allocated across peak, shoulder and off-peak periods using a volume-weighted approach, meaning the total wholesale energy cost allowance is the same between flat-rate and time-of-use DMO tariffs. The difference between the two tariff types is therefore mainly driven by the structure of network charges and how they are allocated across periods. The AER has also not modelled potential customer savings from shifting consumption away from the peak period.

The Queensland Competition Authority (QCA) similarly sets regulated time-of-use tariffs for regional Queensland. It uses a network plus retail cost build-up methodology that combines regulated network costs and estimated energy and retail costs. The QCA's peak, shoulder and off-peak price signals also reflect the underlying network tariff structure rather than differences in energy purchase cost.

The Victorian ESC's VDO also includes separate time-of-use tariffs. As with the AER and QCA approaches, the difference between flat-rate and time-of-use tariffs is driven by the underlying network tariff structure and how network charges are allocated across time periods.

5.5 Separate reference prices, customer impacts, and implementation issues

The TOR also require the commission to advise the Treasurer on the merits of amending current processes to enable separate reference prices for time-of-use and fixed-rate tariff customers.

At present, there is a single reference price. This means the same benchmark is used across offers, regardless of whether the offer is based on a flat-rate tariff or a time-of-use tariff. For customers on time-of-use tariffs, however, the usefulness of the single benchmark may be more limited because their bills depend on both the amount and timing of electricity consumption. Customers whose usage patterns differ from the representative consumption profile underlying the reference price may find the comparison less informative.

The commission will also consider the treatment of demand tariffs. At present, the reference price framework does not apply to demand tariffs, meaning the reference price provisions of the *ACT Retail Electricity (Transparency and Comparability) Code* do not assist customers to compare demand tariff offers. As part of this investigation, we will consider whether a reference price should also be developed for demand tariffs and, if so, whether it should align with the reference price for fixed-rate tariffs, time-of-use tariffs, or be determined separately.

There are currently no regulatory requirements governing which standing offer tariff type is assigned to new customers. As smart meter deployment increases and more customers become eligible for time-of-use and demand tariffs, stakeholders have raised concerns about whether some customers may be placed on tariff structures that are difficult to understand or assess. As part of this investigation, we will consider whether the current arrangements continue to support informed customer decision-making and whether any implications arise for the standing offer and reference price frameworks.

However, separate reference prices could also increase complexity. Customers may need to understand which reference price applies to them, how their usage profile affects the comparison, and whether a time-of-use offer is likely to be suitable for their circumstances. This is particularly important for customers who have limited ability to shift electricity use away from peak periods.

There may also be implementation issues for retailers and the ACT Government. Separate reference prices may require decisions about representative consumption levels and usage patterns for both fixed-rate and time-of-use customers. Retailers may also need to update systems, customer communications, and price comparison material to ensure offers are presented clearly and consistently - the cost of which will be passed on to consumers.

Questions for stakeholders:

7. What changes to the commission's current pricing methodology would be required to determine a separate time-of-use standing offer?
8. Should there be a separate reference price for time-of-use customers in the ACT?
9. Are there any additional risks, costs or market impacts that should be considered in establishing a separate standing offer price direction for customers on time-of-use plans in the ACT?

6. Consolidated list of questions

For ease of reference, the full list of questions posed throughout this consultation paper are listed below. In preparing a submission, you may choose to respond to some or all questions, or provide additional comments.

1. Do you have any comments on electricity prices and competition in the ACT or on other measures that could improve the balance between them to improve outcomes for ACT consumers?
2. Do you have any comments on our approach to regulating retail electricity prices?
3. Are there any aspects of the cost pass-through arrangements that should be revised?
4. Do you have any comments on the timeline for setting the standing offer and reference price?
5. Do you have any comments on the way components of the pricing model are calculated? Do you have any proposed changes or updates so that the pricing model better reflects the costs of a benchmark efficient retailer?
6. Do any components of the cost-stack contribute to the standing offer price being materially above competitive market offers in the ACT? If so, what changes should be made, while maintaining the standing offer as a safety net and supporting effective competition?
7. What changes to the commission's current pricing methodology would be required to determine a separate time-of-use standing offer?
8. Should there be a separate reference price for time-of-use customers in the ACT?
9. Are there any additional risks, costs or market impacts that should be considered in establishing a separate standing offer price direction for customers on time-of-use plans in the ACT?

Appendix 1 Terms of reference

Independent Competition and Regulatory Commission (Price Direction for the Supply of Electricity to Certain Small Customers on Standard Retail Contracts) Terms of Reference Determination 2026

Disallowable instrument DI2026-95

Made under the *Independent Competition and Regulatory Commission Act 1997* ('the Act'), Section 15 (Nature of Industry References) and Section 16 (Terms of Industry References).

1 Name of instrument

This instrument is the *Independent Competition and Regulatory Commission (Price Direction for the Supply of Electricity to Small Customers on Standard Retail Contracts) Terms of Reference Determination 2026*.

2 Interpretation

In this instrument:

"National Energy Retail Law (ACT)" has the same meaning as in the *National Energy Retail Law (ACT) Act 2012*.

"small customer" has the same meaning as in the *National Energy Retail Law (ACT)*.

"standing offer prices" has the same meaning as in the *National Energy Retail Law (ACT)*.

"ActewAGL Retail" means the partnership of Icon Retail Investments Limited (ACN 074 371 207) and AGL ACT Retail Investments Pty Ltd (ACN 093 631 586).

2 Commencement

This instrument commences on the day after it is notified.

3 Reference for investigation under Section 15

In accordance with section 15(1) of the Act, I provide a reference to the Independent Competition and Regulatory Commission (the 'Commission') to determine a price direction for the standing offer prices for the supply of electricity to small customers who consume less than 100MWh of electricity over any period of 12 consecutive months.

The price direction will be for the period of 1 July 2027 to 30 June 2030. The price direction must make provision for annual recalibrations to be undertaken and the determination of the reference price.

In accordance with 15(4) of the Act, the price direction determined by the **Commission under this reference is to only apply to the electricity retailer ActewAGL Retail**.

I further provide a reference for the Commission to inquire into competition to supply retail electricity to small customers in the ACT, through advice to me in its final report on the merits of amending current processes to enable separate reference prices for time of use and fixed rate tariff customers.

4 Terms of reference for investigation under section 16

In accordance with 16(1) of the Act, I require that the Commission must consider the following matters in relation to the conduct of the investigation.

1. The Commission must consider:
 - a. The direct impact on electricity costs of government policies and pass through of costs and savings to regulated prices including, but not restricted to:
 - i. the ACT retailer obligations under the Energy Efficiency Improvement Scheme;
 - ii. the Commonwealth Government's Large-scale Renewable Energy Target and Small-scale Renewable Energy Scheme;
 - iii. any other schemes implemented to address climate change relevant to electricity pricing; and
 - iv. any other policies or schemes that may directly impact on pricing in the retail or wholesale electricity market.
 - b. The efficient and prudent cost of managing wholesale electricity risk for the period of the price direction.
2. The Commission must identify and report on the efficient costs of complying with the *Energy Efficiency (Cost of Living) Improvement Act 2012* for the period that the determination is being made.
3. The Commission must identify and report on the cost allowance of the ACT Feed-in Tariffs (small and large scale) for the period that the determination is being made.
4. The Commission will amend the standing offer price determination methodology, which presently provides for an average price adjustment across all standing offer tariffs, to having individual determination of regulated time-of-use tariffs, distinct from other regulated tariffs, from 2027-28 onwards.
5. The Commission will ensure the methodology for determining standing offer continues to strike the right balance between providing a safety-net price for customers who do not actively shop around and facilitating a competitive retail electricity market, including whether the current methodology may provide excessive margins where customers pay materially higher prices than those who actively seek better market offers.
6. The Commission must ensure its timeframe for the yearly standing offer approval process provides adequate time for determination of the subsequent reference price by Ministers, and for retailers to fulfill their legal obligations under the *ACT Retail Electricity (Transparency and Comparability) Code* and the *National Energy Retail Rules*.
7. The Commission must release its final report within the period of 1 March 2027 to 4 June 2027, to provide sufficient time to allow ActewAGL Retail to make any necessary changes to its billing system, and to provide information on the new tariff to customers in time for implementation effective 1 July 2027.

Chris Steel MLA

Treasurer

12 June 2026

Abbreviations and acronyms

ACCC	Australian Competition and Consumer Commission
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ASX	Australian Securities Exchange
CPI	Consumer Price Index
DMO	Default Market Offer
EEIS	Energy Efficiency Improvement Scheme
HHI	Herfindahl-Hirschman Index
ICRC	Independent Competition and Regulatory Commission
IPART	Independent Pricing and Regulatory Tribunal
kWh	Kilowatt hour
LGC	Large-scale Generation Certificates
LFiT	Large-scale Feed-in-Tariff
LRET	Large-scale Renewable Energy Target
MWh	Megawatt hour
NEM	National Electricity Market
OTTER	Office of the Tasmanian Economic Regulator
QCA	Queensland Competition Authority
STC	Small-scale Technology Certificates
SRES	Small-scale Renewable Energy Scheme
TOR	Terms of reference
VDO	Victorian Default Offer



ICRC

Independent competition and regulatory commission

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