



Energy & Water
Ombudsman NSW
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2 February 2026

Consumer Policy Branch
Department of Climate Change, Energy, the Environment and Water

Via email: energy.consumerpolicy@dpie.nsw.gov.au

Dear Team

NSW retail electricity tariff reforms – Consultation paper

Thank you for the opportunity to comment on the consultation paper.

The comments contained in this submission reflect the feedback of the Energy & Water Ombudsman NSW (EWON). We are the industry-based external dispute resolution scheme for the energy and water industry in New South Wales.

We have reviewed the consultation paper and have only responded to those matters that align with issues customers raise, or with respect to EWON's operations as they relate to the consultation.

If you require any further information regarding our submission, please contact Dr Rory Campbell, Manager Policy & Systemic Issues (EWON) on 02 8218 5266.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rosa Krilic'.

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Executive summary

EWON's submission to the **NSW retail electricity tariff reforms Consultation paper** (the Consultation paper) is focused on responding to Question 2, particularly as it relates to customer assignment to demand tariffs.

Complaints to EWON about tariffs often occur when a customer experiences bill shock after being assigned to a new tariff. Many customers assigned to demand tariffs for example do not understand what a demand tariff is, let alone how it may affect their bill. Some customers are assigned to different tariffs at the same time they have a smart meter installed, which means the customer has no historical energy use data to identify what tariff might be suitable for them. In these circumstances, EWON queries whether the Explicit Informed Consent (EIC) requirements are at all effective in safeguarding consumers rights.

We make the following recommendation.

Recommendation: That the NSW Government explore additional measures to support the effectiveness of Explicit Informed Consent (EIC) to reduce bill shock for customers switching to demand tariffs. This should include clear, easy-to-read information advising customers of:

- the behavioural adjustments needed to optimise electricity usage under a demand tariff
- the potential impact of one-off consumption events that impact a customer's capacity to reduce their electricity costs during the relevant period and
- how much energy different appliances use and how this might impact their electricity bill on a demand tariff.

EWON's response to the consultation questions

EWON has chosen to respond to only one of the five questions as the others do not align with issues customers raise with us.

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?
- Any other consumer safeguards?

Yes, further safeguards are required. Complaints to EWON show that the complexity of demand tariffs undermines the effectiveness of explicit informed consent.

In preparing this submission, EWON reviewed electricity complaints related to demand tariffs received over the last 12 months. We also looked at the raw numbers of tariff related complaints going back three years. These complaints numbers are on the rise, and we anticipate further rises as the smart meter rollout gathers pace. Complaints to EWON illustrate that customers:



- Experience bill shock due to the demand charge component of their bill
- Do not understand demand tariffs and find them confusing and complex
- Are often unaware of why they are moved from a flat tariff to a demand tariff after installing a smart meter
- Often express resistance to being moved to demand tariffs, and request a reversion to a flat tariff once they understand that they have this choice
- May feel misled by retailers, distributors, or sometimes even metering providers, particularly when they are told by retailers that the tariff change is the distributor's decision, but then are told by the distributor that the tariff change is the retailer's decision
- Are being provided with incorrect information by retailers about the applicable tariff when entering a new energy offer
- Cannot give informed consent as the lack of historical consumption data means it is impossible to say if they would be better worse off with a demand tariff.

Overall EWON is finding that the customers who benefit from demand tariffs are those with higher energy literacy who are also able to change their behaviour to use energy at times when it is cheaper.

Complaints to EWON about demand tariffs support the finding of the Consultation Paper, and of the NSW Consumer Energy Strategy, that customers who have just moved onto a smart meter for the first time have no way of knowing whether they will be better or worse off on any given tariff type, because they do not have detailed data on their habitual use of electricity during different times of the day.

This lack of historical smart meter data, accompanied by confusion about how different tariffs work, means that what appears to be "explicit informed consent" is not an effective consumer protection for customers switching to an energy plan based on a demand tariff.

This means that action to prohibit retailers from automatically assigning customers to demand tariffs without their explicit informed consent should be supported by a range of other measures to strengthen the effectiveness of EIC as a consumer protection.

To support fully informed explicit consent for a demand tariff, customers also need comprehensive information about:

- the behavioural adjustments needed to optimise electricity usage under a demand tariff,
- the potential impact of one-off consumption events that impact a customer's capacity to reduce their electricity costs during the relevant period, and how much energy different appliances use, and how this might impact their electricity bill on a demand tariff.

This additional supporting information has the potential to improve a customers' understanding of the benefits and risks of moving to a demand tariff and enabling customers to make a more informed decision about whether the tariff will be suitable for their circumstances.



Demand tariff case studies

Case study one: Customer had no idea he had been switched to a demand tariff three years prior

The customer came to EWON because he believed that his retailer had incorrectly charged him demand charges for three years. The customer advised us that when he raised this issue with the retailer, they told him that a notification email had been sent to him just before their application of the demand charge. However when the customer reviewed the relevant email, he found no mention or explanation of the demand charges. As a result, the customer remained of the view that he had not been properly informed about the tariff change.

The customer was initially referred by EWON to the retailer's complaints team, but returned as he was dissatisfied with the retailer's response. The customer said that although the retailer had notified him of the introduction of a demand tariff, they did not provide a clear explanation of the charges or information that would have enabled him to understand or adjust his electricity usage to avoid high demand charges. As a result, he felt unable to adopt strategies to reduce consumption during peak demand periods and was of the view that he ought not have to pay the high bill.

The retailer wanted the retailer to provide evidence that he had been notified of demand charges and a refund if this could not be provided. EWON passed advice to the customer and referred the complaint back to the retailer for a final attempt at resolution, inviting him to return to EWON if the retailer could not resolve the complaint. The customer did not return to EWON.

Case study two: Customer confused about the application of demand charges

A customer contacted EWON disputing her electricity bill. Although she had installed a solar system, she continued to receive unexpectedly high charges during the 3pm - 9pm peak period. She explained that these hours coincide with extended daylight during summer, meaning her solar generation should have reduced her need to draw energy from the grid.

When the customer queried the bill, she said the retailer failed to provide a clear explanation of the impact of the demand charges or how the peak period was determined. Instead, the retailer attributed the charges to high usage without addressing her specific concerns. The customer reported feeling that she had not been given adequate information about how the tariff worked, nor how to adjust her usage to manage the higher charges. Despite her investment in solar, she continued to face bills that were higher than expected.

Case study three: Customer assigned a demand charge, retailer denies responsibility

The customer advised he had a smart meter installed at the premises two years prior. At the time, he requested to be placed on a time-of use tariff, which the retailer applied. The customer installed a solar PV system and battery calibrated to benefit from the time-of-use tariff structure. He was subsequently assigned to a demand tariff, which he felt was not suitable to his circumstances.



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He complained to EWON that he was not given prior notice of the change, and that he felt the demand tariff was punitive and not appropriate for residential customers. When he raised his concerns with the retailer, it referred him to the meter provider.