



# Setting the DMO3

AER DEFAULT MARKET OFFER FORUM  
Jacqueline Crawshaw  
A/Director Advocacy & Communications


# What consumers are telling us

## Previously existing concern about energy bills is amplified by the pandemic

- Even before the pandemic, households were focused on their everyday lives and often had so much happening that energy was not top of mind
- The current focus on meeting physiological, safety and security needs leaves little room to worry about energy bills
- In this context, the Default Market Offer becomes even more important

46%

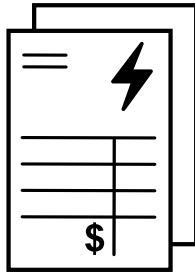
**Of Australians felt nervous  
at least some of the time**  
(ABS, August 2020)



**“Our usage will increase as a result of everyone spending more time at home. I’m scared to see what the bill will look like.”**

ECA COVID-19 Survey respondent

# The importance of the DMO



## Benefits seen across the market

Fewer  
conditional  
discounts

Decreased  
prices for  
standing offer  
customers

Fewer market  
offers priced  
above the DMO

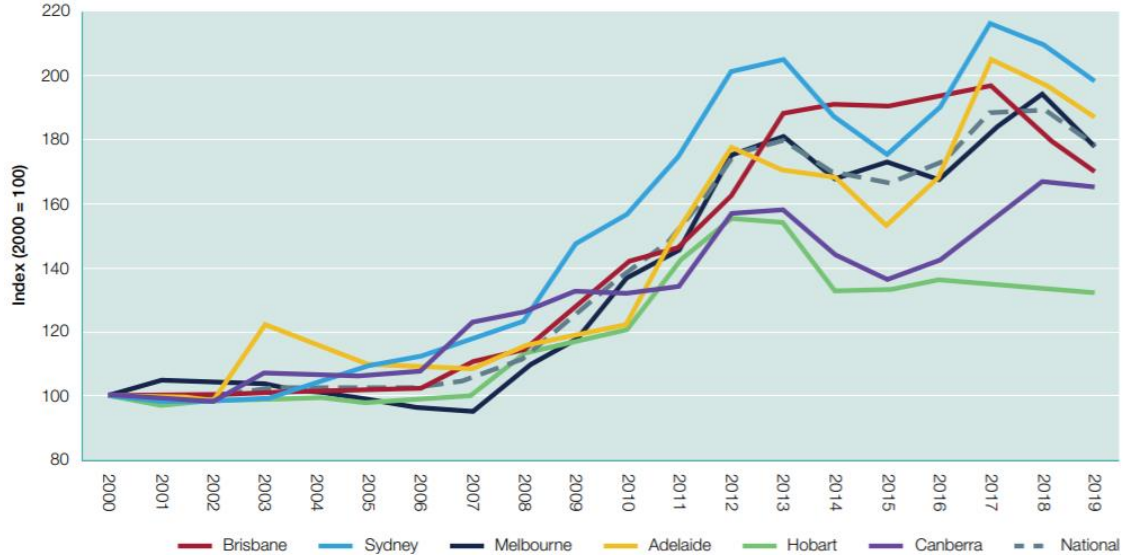
# The AER's approach

We broadly support the AER's proposed indexation approach

We agree there is no need for a "true up"

Looking forward, we anticipate this approach will deliver downward pressure on prices

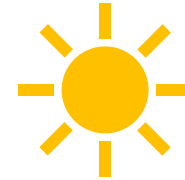
Electricity retail price index (inflation adjusted)



AER, State of the Energy Market 2020, Figure 6.4

# Looking at the retail costs

- Publicly available information shows no material change in the cost to serve customers
- But, lack of transparency on retail costs is a significant concern
- Information asymmetry limits the ability of the AER to fully assess the impacts of COVID19, productivity gains...



Our pending *Sunshine on Retail* rule change request seeks to improve consumer confidence and policy decision making through transparent provision of retail data

# Where to from here?

We would like to see voluntary provision of sufficient information and data for the AER to make an informed decision.

This would a big step towards regaining consumer trust and confidence in the market.



**A** Suite 2, Level 14, 1 Castlereagh Street, Sydney NSW 2000

**T** 02 9220 5500

**W** [energyconsumersaustralia.com.au](http://energyconsumersaustralia.com.au)

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**ABN** 96 603 931 326

