



**ENERGY
CONSUMERS
AUSTRALIA**

A Suite 2, Level 20, 570 George Street
Sydney NSW 2000
PO Box A989
Sydney South NSW 1235
T 02 9220 5500
W energyconsumersaustralia.com.au
Twitter @energyvoiceau
in /energyconsumersaustralia
f /energyconsumersaustralia

ABN 96 603 931 326

2 February 2022

Mr Geoff Whelan
General Manager
Electricity Division – Wholesale and Retail Markets
Department of Industry, Science, Energy and Resources

By email: electricitycode@industry.gov.au

SUBMISSION ON THE COMPETITION AND CONSUMER (INDUSTRY CODE – ELECTRICITY RETAIL) REGULATIONS 2019 (THE CODE) POST-IMPLEMENTATION REVIEW DIRECTIONS PAPER

Dear Mr. Whelan,

Energy Consumers Australia welcomes the opportunity to provide further comment on the Department of Industry, Science, Energy and Resources' (DISER) *Post-implementation review of Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019*. The Code introduces the Default Market Offer (DMO) which places a price cap on standing offers in DMO jurisdictions and acts as a Reference Price for comparing certain electricity prices.

Energy Consumers Australia is the independent, national voice for residential and small business energy consumers. Established by the Council of Australian Governments (COAG) Energy Council in 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety, and security of supply.

In our submission to DISER's previous round of consultation we outlined our view that the introduction of the DMO has resulted in positive outcomes for consumers. The DMO has played a part in bringing down prices for both standing offer and market offer customers as well as being an important tool for consumers to navigate a complicated energy market. These observations were supported by our [Energy Consumer Sentiment Survey](#) (ECSS) which found increased satisfaction with affordability and increased consumer confidence in the availability of easily understandable information.

We are pleased to see DISER's proposal to improve the efficacy of the Reference Price by changing the term used to refer to it. We agree that this term is likely not easily understood by consumers and support changing it on this basis. However, we are not satisfied that the proposed "comparison price set by the government" would be the best term to change it to.

We support the view that adding "set by the government" provides consumers with the information that it is the government that sets this price, not the retailer. However, it is unclear as to whether the choice of "comparison price" would be the optimal term. Terms such as "default price (set by the government)" or "maximum price (set by the government)" did not appear to be considered in the research conducted on behalf of the AER/ACCC and are possibly simpler for a consumer to understand than "comparison price". These alternative terms also serve a second purpose by communicating that this price represents the maximum price a retailer can charge a customer. On this basis, we would require further information before supporting the proposed name change, while supporting the overall intentions of the change.



If DISER is to proceed with the proposed change we recommend that it is reviewed in future consultations to ensure the change has led to increased understanding of the concept. However, we would not want a situation where the term is again changed following this review. This would lead to further confusion amongst consumers. Therefore, we reiterate that we would like further information that shows that the chosen term would be the best, with the hope that this term would not have to be subsequently changed in the future.

We also agree with the proposal for DISER to further consult, alongside the ACCC, on how the Reference Price may be better applied to more complex offers. This will be particularly important in a rapidly evolving energy market where we will continue to see new and complex offers introduced to deal with significant changes such as increased Distributed Energy Resources (DER). Direction 2 creates the opportunity for DISER to be forward-looking in any changes considered. To effectively identify future policy changes which may affect electricity offers and prices, DISER should seek to consult closely with those within the industry who may be able to predict where these changes will come from.

Lastly, improving general consumer awareness of the DMO was a key issue raised throughout the first round of stakeholder consultation. We question whether the directions outlined in the paper will be sufficient to improve awareness and understanding of the scheme and suggest further consideration by DISER on these issues.

In regards to the following three directions outlined in the paper, ECA does not have any further comments. We view them as reasonable and positive and remain interested to see how they may continue the positive outcomes being seen since the DMO's introduction.

If you would like to discuss this submission further, please do not hesitate to contact Alice Gordon by email, alice.g@energyconsumersaustralia.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'JCrawshaw', written in a cursive style.

Jacqueline Crawshaw
Director, Energy Services and Markets
Energy Consumers Australia