



Media Statement

For immediate release – 19 March 2023

Energy Consumers Australia response to the Default Market Offer announcement

Please quote Energy Consumers Australia CEO Brendan French:

“We are pleased that the AER’s draft decision is to reduce the retail margins allowed in the Default Market Offer in recognition of the cost of living demands on consumers. This is something we have called for in our advocacy on behalf of households and small businesses in Australia.

“We were also very pleased to see that the AER’s media release mentions the legal obligation for retailers to offer assistance to consumers when they are in hardship. People living in Australia have a right to ask their retailer for assistance, and we encourage people to seek help if they are having difficulty paying their energy bills.

“However, the ACCC’s December Inquiry into the National Electricity Market Report found that 47% of all residential customers and 42% of concession customers were on plans that were equal to or greater than the Default Market Offer. This calls into question the effectiveness of the Default Market Offer in protecting consumers from unreasonably high prices, which was its original intention.

“It’s clear that over time hundreds of thousands of customers who have stayed loyal to their retailer have ended up being charged higher prices.

“Retailers regularly move customers onto offers that are higher than the Default Market Offer once their market contract ends. We believe strongly that the onus should not be on people to have to switch at that point, it should be on retailers to do the right thing and not charge a loyalty tax, particularly when most customers aren’t really aware it’s happening. We would like to see retailers actively looking to do better for their customers.

“We also note there have been substantial decreases in wholesale electricity prices in the last year – which are largely driven by more renewable energy in the system, including rooftop solar assets purchased by households and small businesses. We believe these decreases should be passed on to consumers. The industry is quick to pass on the costs to consumers if prices go up, the reverse should also be the case when those costs go down.

“Energy Consumers Australia [made a submission to the AER](#) on the original Issues Paper, raising all of the issues above. We also noted in our submission that the rapidly evolving energy market, and changing consumer energy usage behaviour, will likely soon render redundant the idea of there being a reference price that is suitable for many people.

“We will continue to advocate for more protections for consumers as the energy market transforms into a two-way grid.”

You can read our original submission to the AER on the Default Market Offer here:

<https://energyconsumersaustralia.com.au/publications/submission-to-the-australian-energy-regulator-default-market-offer-prices-2024-25-issues-paper>

About Energy Consumers Australia

Energy Consumers Australia is the independent, national voice for residential and small business energy consumers. We work to ensure consumers have their values, expectations and needs met through a modern, flexible and resilient energy system.

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