

9 April 2024

Daniel Harding
General Manager (A/g), Market Performance Branch
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

By email: DMO@aer.gov.au

Dear Mr Harding and colleagues

Default market offer prices 2024–25 Draft determination - Submission

Energy Locals Pty Ltd (ACN 606 408 879) and its related entity, Energy Trade Pty Ltd (ACN 165 688 568) (**Energy Locals**), welcomes the opportunity to provide a submission to the Australian Energy Regulator (**AER**) in relation to the Default market offer prices 2024–25 (**DMO 6**) Draft determination (**Draft Determination**).

We maintain the positions raised in our submission in response to the DMO 6 Issues Paper on 3 November 2023 and have concerns that many of the issues we raised, particularly in relation to solar exports, were not appropriately considered by the AER in their Draft Determination.

This submission will outline our position on:

1. the methodology adopted to calculate the wholesale energy costs, including our concerns that:
 - a) there are number of crucial inaccuracies in the Network System Load Profiles;
 - b) nowadays, solar exports are a critical driver of the spot price and should not be excluded from the blended load profile; and
 - c) the flattened curve is not an accurate representation of consumption;
2. the assumptions used in ACIL Allen's calculations which require clarification, and our concerns that some assumptions are not indicative of the actions of a prudent and 'reasonable' retailer;
3. the AER's decision to not include a competition allowance in DMO 6;
4. the key assumptions used for timing and pattern of supply; and
5. whether the AER has achieved its policy objectives for the DMO in this in Draft Determination.

1. Background – overview of Energy Locals

Energy Locals is an authorised electricity and gas retailer that supports customers directly as well as via partnerships with newcomers to the energy retail sector, such as RACV, Indigo Power, IO Energy, Tesla, and others. A retail gas offer has not yet been launched.

We also have extensive expertise in the implementation and management of embedded networks, which include electricity, gas, hot water, solar PV, electric vehicle charging, battery storage and telecommunications.

2. Wholesale Energy Costs

Energy Locals expresses significant concern regarding the lack of alignment between the wholesale energy cost load profiles within DMO 6 (see Figures 5.2 to 5.6)¹ and those typically observed among retailers. The flattened curves depicted in these load profiles are unrealistic and, as they do not include exports, are not representative of the load that retailers hedge against. We have expanded on this below.

a) Methodology for Net System Load Profile (NSLP)

Energy Locals understands that the AER has flagged concerns regarding the SAPN and Energex data provided by AEMO. The concerns stem from interim adjustments made by AEMO to accommodate irregular outcomes observed in settlement volumes subsequent to the introduction of 5-minute settlement. To counteract these issues, the AER proposed a manual adjustment of the data based on a formula intended to mitigate the impacts on the NSLP which were a result of AEMO's adjustment.

In the Draft Determination, the AER admits that both the non-adjusted approach and the adjusted approach are flawed, have inherent disadvantages, and produce materially different results. Further, Energy Locals disagrees that the adjusted approach better reflects and average retail load for the DMO 6 period, which is evident in the load profile comparisons set out in paragraph b below.

As a result of this inaccurate data, the AER has elected to use a midpoint between an adjusted and non-adjusted NSLP. However, as the load profiles used to determine the NSLP are not representative of actual load, the midpoint is therefore erroneous. This is of grave concern to Energy Locals as an inaccuracy in the NSLP has flow-on implications for accurate determinations of wholesale energy costs, which affects a retailer's ability to recover the cost of wholesale power from customers.

While we recognise the difficulties in acquiring load shapes from individual market participants, we find it unreasonable for the AER to endorse a load shape that has been modified or flattened based on inaccurate data. We also appreciate that the AER has faced challenges due to the lack of availability of data. Accordingly, we are willing to provide the data behind our load profile assumptions on a confidential basis.

b) Exclusion of solar exports

To account for the continuing uptake of interval meters, the DMO 6 Draft Determination is based on blended load profiles which incorporate interval meter data. Energy Locals supports the inclusion of interval meter data but strongly disagrees with AER's decision to exclude rooftop solar exports from the interval meter dataset used to create the blended load profiles. Further, it is incorrect for the AER to assume that all retailers are currently using or have the financial capacity to invest in load shifting measures such as the use of batteries and demand management and Energy Locals contends that it is negligent to assume the impact of strategies used to counter solar exports without obtaining the underlying data from market participants.

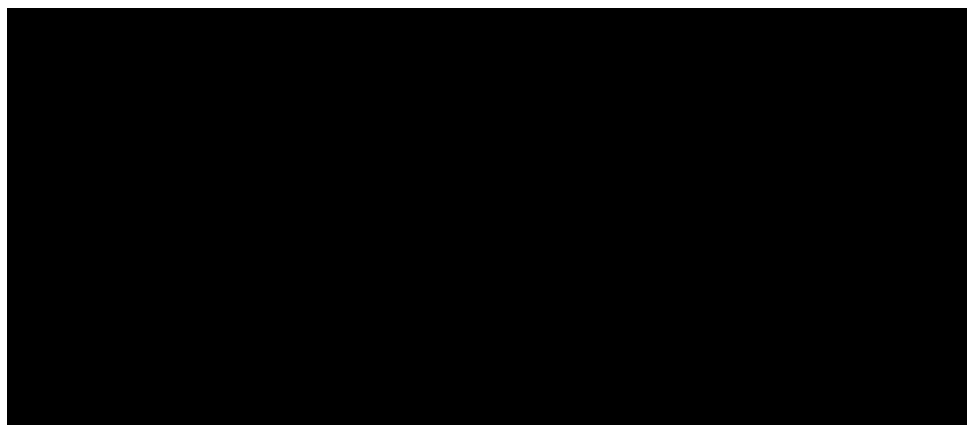
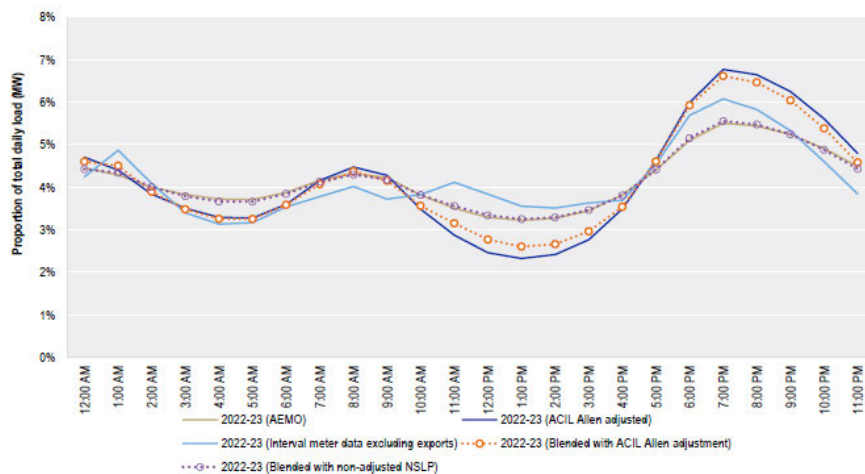
¹ Australian Energy Regulator (AER), (2024), "Default Market Offer (DMO) 2024-25 Draft Determination | Australian Energy Regulator (AER) (Draft Determination)", [online] available at <https://www.aer.gov.au/news/articles/news-releases/default-market-offer-dmo-2024-25-draft-determination>, P.27-29.

In our submission to the Issues Paper in November 2023, we highlighted that retailers can be exposed to negative spot prices when solar PV exports result in a negative retail load and therefore, solar must be considered in the DMO 6 methodology. We again reiterate this position and add that the penetration of solar has continued to increase, as has the average system size for households.

i) *Flawed load profiles*

The AER has acknowledged that excluding solar “*may deviate from the load profile shape a retailer is settled against*”² and this is our key concern with the AER’s approach. The load profiles in figures 5.2 to 5.6³ clearly show that the interval meter data (excluding exports) shape is significantly flatter than the AEMO and blended load profiles. Further, on review of the load profiles set out in DMO 6 and Energy Locals’ own load profiles, the inaccuracies contained in the NSLPs provided by the AER are clearly evident. We have set out these comparisons below, which demonstrate that whether the adjusted, non-adjusted or blended option is used to determine the profile, a retailer’s actual load profile is not reflected by the AER’s proposed approach.

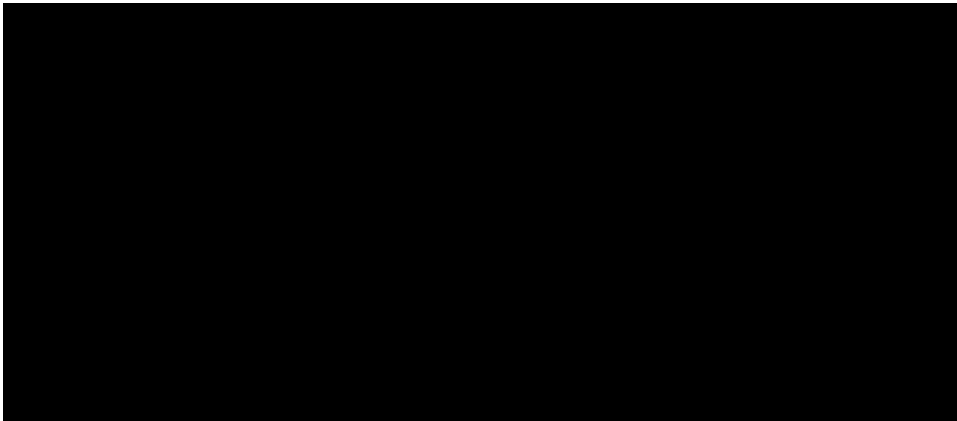
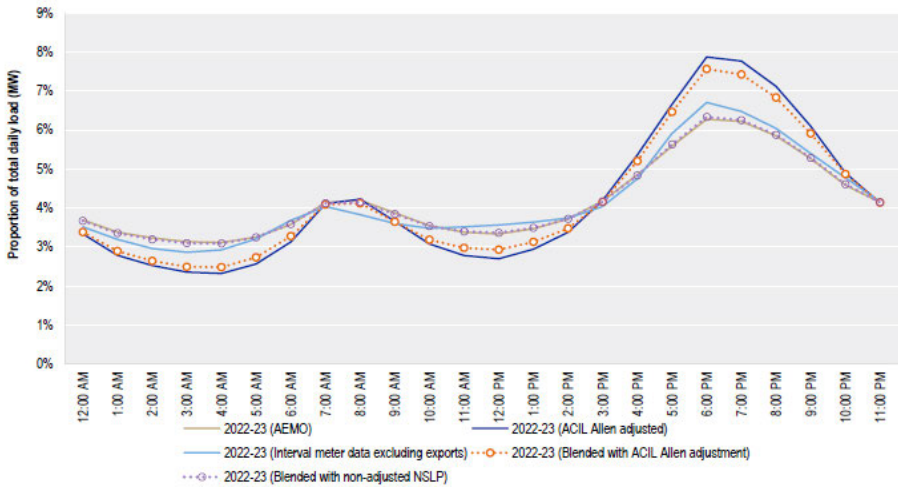
a. *Load profile comparisons - South Australia*



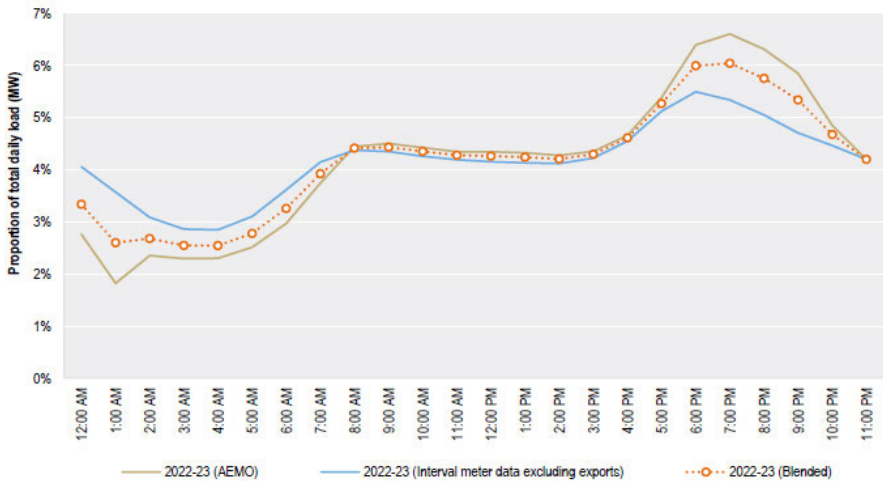
² Ibid, P.27.

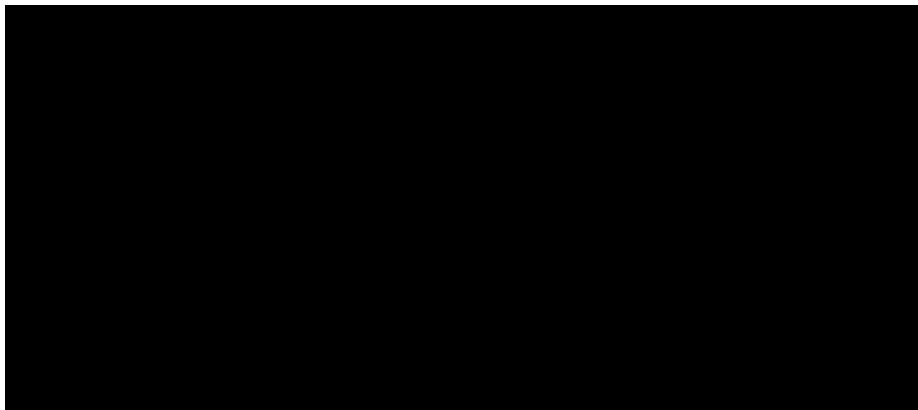
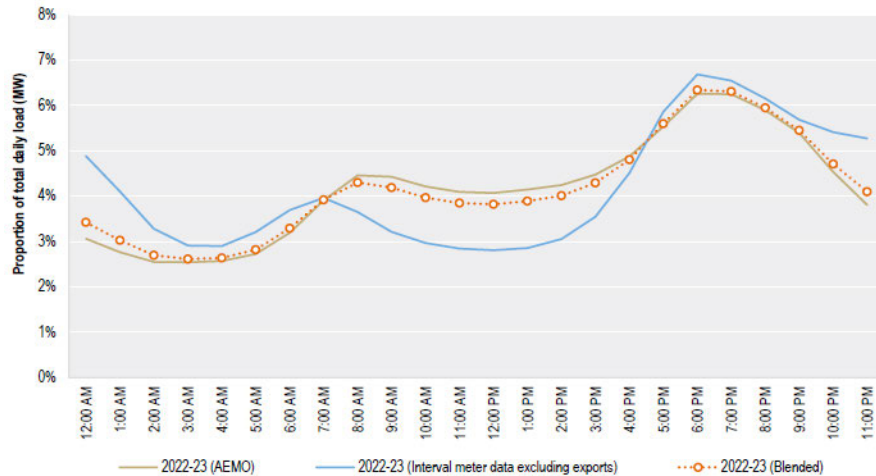
³ Ibid, P27-29.

b. Load profile comparisons - South-East Queensland



c. Load profiles in New South Wales





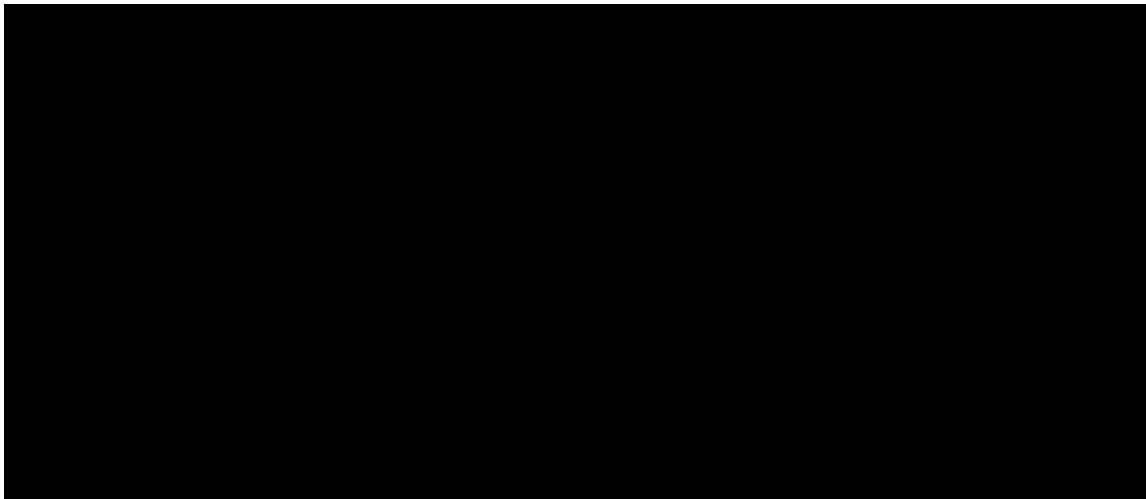
ii) *Impact of solar on spot prices*

Unsurprisingly, we reject the AER’s view that “a load profile that includes solar exports overstates the costs of the daytime carve-out for retailers.”⁴ Solar is a true and real cost.

We fundamentally disagree with the AER’s position that, given the DMO wholesale methodology is based upon hedging against consumption (or load), including the impact of exports (or generation) in the load profiles is not required. One of the key drivers for negative spot prices is the abundance of solar during low demand periods. Excess solar in the grid can be problematic when it creates negative spot intervals, which mean that retailers at various stages face periods of exporting to negative prices.

In addition to the graphics of our load profile provided above, the below graph from October 2023 demonstrates the clear impact of solar on the load shape.

⁴ Ibid, p. 27.



To be clear, we fully endorse solar energy integration with the grid as part of our commitment to fostering a cleaner and more sustainable future. However, as we increasingly facilitate customer adoption of solar PV through initiatives such as feed-in tariffs (FITs) or financing options, there is a heightened likelihood of inadvertently exporting energy during periods of negative spot prices. As an illustrative example, based on our analysis of AEMO data, we have observed a year-on-year increase of at least 30% in the number of intervals with negative spot prices across the eastern seaboard in 2023.

We also disagree with the AER's argument that the "*costs for consumer exported energy through a feed-in-tariff is less than equivalent to the wholesale cost of electricity.*"⁵ As a retailer trying to make a difference, we provide a competitive solar FIT to help support the investment customers make in solar PV. However, we strongly believe that the AER fails to recognise that the cost implications of solar for retailers is not central to the FIT but to the price of the spot when retailers' portfolios are exporting.

Solar provides an abundance of generation at certain times of day, which are normally coupled with low demand and low or negative spot prices. The fundamentals of solar provide outcomes of an abundance of generation, low demand and in turn low or negative spot prices. A retailer's risk is not only the FIT but the combination of the FIT and negative spot prices. We do not seek to recover the cost of a FIT which can be independently set by each retailer, noting that Victoria sets a minimum FIT, NSW has a recommended minimum FIT, and many customers base solar PV investment decisions on the benefit of a FIT. However, we do feel aggrieved that the AER fails to recognise the wholesale cost to a retailer of solar exports that increasingly coincide with low or negative spot prices.

iii) Effectiveness of strategies to counter solar exports

We reject the AER's view that retailers use a number of strategies to flatten loads, which cannot be accounted for in the wholesale cost methodology. The assertion that excess solar can be managed through relatively new and capital-intensive technologies or methods such as electric vehicle chargers, batteries, and demand shifting is ill thought through. Whilst we are wholly supportive of all these initiatives, the economics of several solutions are questionable, especially for smaller retailers, and it is not realistic to expect any retailer to be able to invest in sufficient measures to manage this risk before DMO 6 takes effect on 1 July.

⁵ Ibid, p.27.

c) Queries on ACIL Allen methodology - calculation of winter for AEMO prudential costs

Energy Locals is concerned by the number of apparent inaccuracies in the ACIL Allen wholesale cost estimates, which have significant flow-on effects for the calculations of actual costs for retailers.

For example, in the ACIL Allen report on wholesale energy costs, ACIL Allen has outlined that prudential costs have been calculated for each jurisdiction's NSLP and interval meter load profile. In calculating these prudential costs, the winter period is listed as May to August.⁶ However, AEMO uses the period of April to August to calculate the AEMO Maximum Credit Limit, which can produce a significantly different result. Therefore, ACIL Allen should be referencing the same period as AEMO when calculating actual prudential costs.

We also make note of AEMO's recent change to their forecast daily usage used in this calculation during this period which essentially assumes a June/July Winter load in the low shoulder period of April. The result of this means that a retailer must provide additional bank guarantees or reallocations which both have a material cost.

We assume that, in light of this error, ACIL Allen will amend the winter months to be consistent with actual practices and ensure that all other methodologies are consistent with market to ensure a full cost recovery for retailers.

3. Network costs

In our response to the Issues Paper, we encouraged the AER to maintain the current methodology of using a flat rate tariff, noting that such a process reflected a reasonable approach, which ensures regulatory consistency and maintains transparency. Accordingly, Energy Locals does not have concerns about the methodology used to calculate network costs in the Draft Determination. However, given network costs are a large component of DMO prices (comprising around 40% of the DMO) it is disappointing for retailers that despite the DMO 6 resulting in overall price reductions for consumers the network tariff estimates from each distribution network service provider (DNSP) have increases ranging from 9% (Endeavour) to 20% (Essential).

4. Environmental costs

We are comfortable with the AER's proposal to retain a market-based approach to environmental cost forecasting provided this forecasting aligns with the actions of a reasonable retailer such as considerations on risk appetite, market conditions such as liquidity, credit, and cost of capital. Considering this, Energy locals has queries on the ACIL Allen methodology adopted by the AER to calculate environmental costs.

a) Large-scale Generation Certificates (LGCs) – ACIL Allen data calculations

The methodology applied by ACIL Allen makes assumptions about a retailer's cashflow and actions which we do not consider would be indicative of a reasonable and prudent retailer. To that point, we rebut the observation period used in the Large-scale Generation Certificate (LGC) calculations as per figure 4.27 of the ACIL Allen environmental cost estimates⁷. It is not reasonable to assume that from a financial or cashflow perspective, a retailer would buy spot LGCs in June 2020 for calendar year 2024 with a surrender date of February 2025. That is 1710 days or 4.7 years in advance of the liability surrender date. This is an inefficient use of capital and would be more akin

⁶ ACIL Allen, (2024), "Report to AER - Default Market Offer 2024-25 Wholesale energy and environment cost estimates for DMO 6 Draft Determination", [online] available at <https://www.aer.gov.au/system/files/2024-03/ACIL%20Allen%20-%20Draft%20determination%20-%20Default%20market%20offer%20prices%202024%E2%80%9325%20-%20Wholesale%20and%20environmental%20costs.pdf>, p.84, section 4.4.3.

⁷ Ibid, p. 80.

to speculating than hedging, especially for retailers that are growing and have less certainty over their likely customers five years into the future.

We propose that the observation period used in the calculations aligns with the estimation of the wholesale energy costs. A bookbuild period of 18 months to 2 years is more acceptable.

b) Small-scale Technology Certificates (STCs) and Small-scale Technology Percentage (STPs) – ACIL Allen data calculations

In calculating the environmental cost inputs for 2024-25, Energy Locals is concerned about the calculations used by ACIL Allen to determine costs in relation to STCs. We note that for DMO 5, ACIL Allen considered both their own forecast and that of the Clean Energy Regulator's (CER) non-binding STP but chose to rely only on the CER's non-binding STP. On review of data provided by the CER, we can see that this approach was flawed. For example, there was an underestimation of the STP by 3.27% or the cost of compliance with the scheme at \$40 for an Energex residential customer of \$6.02 and \$20.48 for a small business using 10,000 kWh.⁸

Despite such errors, ACIL Allen has again proposed to use the non-binding CER estimate which is even lower for 2025 than it was for 2024. Based on past discrepancies, we would like ACIL Allen to share their own calculations and provide guidance and assurance as to why they believe this year that the non-binding estimate is correct and that the market can deliver the forecast quantum of certificates.

The impact of another similar error could lead to a loss of over \$14 per residential customer and \$40 for a small to medium enterprise customer for the 2024/25 financial year. This will have a significant impact on the 6% allocated retail margin.

5. Retail Costs

a) Changes to efficient margin and competition allowance

In our submission to the DMO 6 Issues Paper we advised our preference for a fixed rate dollar retail margin to provide greater certainty to retailers. We maintain this position.

Energy Locals does see the merit in separating the retail margin and competition allowance. As outlined in our response to the Issues Paper we considered that having a single retail allowance benefits Tier 1 retailers who can absorb their fixed costs over a much larger customer base. This results in higher barriers to entry and less competition in the market from new entrants. Small retailers can also rely less on brand recognition to gain sales, resulting in higher customer acquisition costs.

While we support the separation of the competition allowance from the retail margin, we strongly disagree with the decision to exclude the competition allowance from the DMO 6 entirely.

The AER has advised that the competition allowance will be calculated based on the statistical spread in retailer costs derived from reported data and will also consider broader economic conditions in setting this allowance. Energy Locals understands the methodology for calculating the competition allowance based on retailer costs, however, we do not understand or agree with the decision to not apply it to the DMO 6. We find the AER's rationale unconvincing and are concerned about future determinations. It would seem unlikely, based on the AER's current approach to base

⁸ Clear Energy Regulator, "Small-scale Technology Percentage", [online] available at <https://cer.gov.au/schemes/renewable-energy-target/renewable-energy-target-liability-and-exemptions/small-scale>.

the exclusions of the competition allowance on economic conditions, that it would be re-introduced for future DMOs.

AER has explained:

“This change in methodology will introduce more transparency in setting DMO prices. We consider this approach best achieves the DMO objectives to incentivise competition as it more directly ties the DMO price to competition objectives of allowing a variety of retailers with different costs to compete and achieve a reasonable profit. It also provides a clear framework through which we will consider the economic conditions facing electricity consumers and the electricity market in each DMO process.”⁹

We urge the AER to consider how removing the competition allowance incentivises competition. On the contrary, removing a competition allowance deters new entrants to the market, provides a message to retailers that innovation is discouraged and only serves to benefit larger Tier 1 retailers with a more steady and larger cash flow.

b) Impact of smaller retail margin

Energy Locals also encourages the AER to consider that many retailers, particularly smaller retailers, operate within a small margin due to the costs associated with customer acquisition and churn that can be more easily absorbed by retailers that have larger customer bases. By setting the margin at just 6% for residential customers and 11% for small businesses, and excluding the competition allowance, retailers face increasing risk of unprofitability. The AER must carefully consider this, particularly, in light of the number of smaller retailers collapsing and leaving the market in recent years.¹⁰

c) Key considerations for retail margin

If economic factors (inflation and CPI) are driving considerations on the exclusion of the competition allowance, such factors must also be a key consideration on other aspects for the DMO. For example, rising inflation and cost of living pressures are likely to prompt a further rise in bad and doubtful debt. While the AER has acknowledged that it has considered increased inflation and cost of living pressures in setting the Draft Determination, it is important that inflation is considered for all elements in the “cost-stack” methodology. As we highlighted last year in response to the DMO 5, salaries and wages are a major part of a retailer’s operating costs and current inflation levels, and interest rates, also have a direct impact on that cost.

Energy Locals also considers that the DMO should factor in allowances for adjustments for cost differentials incurred by retailers to ensure the efficient margin is achievable. As outlined above in relation to STCs and LGCs, we consider that in setting the retail margin, the AER should factor in allowances for wash-ups to accommodate any errors in the assumptions made for environmental and network costs.

⁹ Australian Energy Regulator (AER), (2024), “Default Market Offer (DMO) 2024-25 Draft Determination | Australian Energy Regulator (AER) (Draft Determination)”, [online] available at <https://www.aer.gov.au/news/articles/news-releases/default-market-offer-dmo-2024-25-draft-determination>, p.69.

¹⁰ Macdonald Smith, Angela “Energy crisis claims next retailer”, AFR, 21 June 2022 [online] available at <https://www.afr.com/companies/energy/energy-crisis-claims-next-retailer-20220621-p5aveo>
See also, Hannam, Peter “More electricity retailers likely to fail, resulting in less competition and higher prices” The Guardian, 23 June 2022 [online] available at <https://www.theguardian.com/australia-news/2022/jun/23/more-electricity-retailers-will-likely-fail-over-the-next-year-resulting-in-less-competition-and-higher-prices>

Another key consideration which does not appear to be factored into the AER's cost stack methodology is the requirement on retailers to fund the cashflow associated with customer concessions. While concessions are immediately applied to customer bills, it can be a lengthy delay before retailers can recover these costs. Given such payments from the various state governments are quite often delayed significantly, retailers are burdened with carrying the cost of this debt and fund the shortfall in cash. [REDACTED]

6. Timing and pattern of supply

In regard to the AER's decision to retain the key assumptions on usage from previous determinations, we share the concerns raised by Energy Consumers Australia in their submission to the Issues Paper. We agree that the advertised discount, which is calculated by comparing the annual price of a time of use (TOU) offer based on the DMO usage pattern to the reference price, could be inaccurate for many customers and lead to higher than anticipated bills if they use more energy in peak times than the AER's time of use pattern.

We consider that there should be variations for weekdays versus weekends and seasonal considerations for usage. There are a number of factors which mean that usage is not the same each day and may vary considerably from customer to customer. Over the past two years, while assumed usage patterns have stayed consistent, actual energy consumption patterns among households have evolved significantly. Factors such as the increased adoption of controlled load appliances, solar panels, batteries, and electric vehicles have contributed to this shift.

According to the AER's quarterly retail performance data, national solar adoption has increased by 4% between Q2 2023/23 and Q2 2023/24, resulting in an additional 335,000 households nationwide receiving either a government-funded or retailer-funded FIT.¹¹ As a result, many households across the National Electricity Market (NEM) are transitioning to time-of-use network tariffs and subsequently to cost-reflective retail tariffs following the required meter reconfiguration or replacement, allowing for solar exports from their households. This demonstrates that households increasingly need to adjust their consumption patterns to maximise their solar investment.

According to the Electric Vehicle Council of Australia's "State of EVs 2023" report¹², there are approximately 130,000 Battery Electric Vehicles (BEVs) and an additional 21,000 Plug-in Hybrid Vehicles (PHEVs) currently on Australian roads. Moreover, the Council's "Home EV charging and the grid: impact to 2030 in Australia" report¹³ highlights that during Origin Energy's smart charging trial, 38% of home EV charging occurs overnight between 9 pm and 5 am when customers are not incentivised to change their charging habits but increases to 55% when incentivised with cheaper overnight pricing, challenging traditional assumptions regarding household usage patterns. This variance underscores the need for the AER to consider the impact of EVs on household energy consumption patterns, particularly in relation to pricing assumptions.

Similarly, not all customers will enter their National Meter Identifier (NMI) when using comparison sites such as Energy Made Easy. This omission can have significant implications for the accuracy of the energy cost comparisons provided by such platforms.

¹¹ AER, "Schedule 2, Quarter 2 2022-23 Retail Performance Data", [online] available at: (<https://www.aer.gov.au/documents/schedule-2-quarter-2-2022-23-retail-performance-data>) and AER, Schedule 2, Quarter 2 2023-24 Retail Performance Data (<https://www.aer.gov.au/documents/schedule-2-quarter-2-2023-24-retail-performance-data>).

¹² Electric Vehicle Council, (2023), "State of Electric Vehicles", [online] available at: https://electricvehiclecouncil.com.au/wp-content/uploads/2023/07/State-of-EVs_July-2023_.pdf.

¹³ Ross De Rango, (2022), "Home EV Charging and the Grid: impact to 2030 in Australia", [online] available at: <https://electricvehiclecouncil.com.au/wp-content/uploads/2022/08/Home-EV-charging-2030.pdf>.

When customers fail to input their NMI, they are essentially being defaulted to the standard load profile assumed by the comparison site. This default profile may not accurately reflect the individual customer's energy usage patterns, leading to potentially misleading cost comparisons.

7. Objectives of the DMO

As outlined in the Draft Determination, there are a number of relevant policy objectives of the DMO which are relevant matters for the AER to consider when determining the DMO:

1. **Reduce** unjustifiably high standing offer prices and continue to protect consumers from unreasonable prices.
2. **Allow** retailers to recover their efficient costs of providing services, including a reasonable retail margin and costs associated with customer acquisition and retention.
3. **Maintain** incentives for competition, innovation and investment by retailers, and incentives for consumers to engage in the market.

Energy Locals does not consider that the DMO 6 adequately meets these objectives, particularly 'allow' and 'maintain'. We urge the AER to remember that the DMO is intended to protect customers who do not engage in the energy market rather than to meet other political pressures to keep electricity prices as low as possible, as evidenced by the AER's press release of 19 March 2024¹⁴ and the references to the submissions from the Hon Chris Bowen MP, The Hon Penny Sharpe MLC and the Hon Mick de Brenni MP in the Draft Determination.¹⁵

Energy Locals appreciates that there are increased living pressures on consumers but considers that, in this DMO 6, retailers are carrying an undue burden to alleviate cost of living pressures.

While the AER's approach, such as changing load profile assumptions to exclude solar PV exports and removing the competition allowance, may respond to political pressure to lower customer costs, it means retailers are being expected to deliver solutions to the cost-of-living crisis outside of their reasonable remit.

To be clear, we fully support the provision of assistance to customers who are most impacted by increased cost of living, evidenced by our participation in the Game Changer workshops last year. It is disappointing that key recommendations arising from these workshops, such as an industry fund to support vulnerable customers, have not eventuated. The increase in cost of living is a complex issue that cannot be alleviated by confining solutions to only one type of participant in the NEM, instead of the energy industry as a whole.

As set out above, the aims of the DMO are to protect customers and encourage competition and innovation. It is clear that the AER has strayed outside its remit.

We do, however, believe that the AER has the ability to influence other areas of Government to ensure that the response to the increased cost of living is shared. We argue that there are perhaps harder, yet more logical avenues for resolution. For example, considering tax reform in the energy industry to ensure costs are appropriately distributed. Or the use of a suspension or cap on the

¹⁴ AER, (2024), "Default Market Offer (DMO) 2024-25 Draft Determination – News Release", [online] available at: <https://www.aer.gov.au/news/articles/news-releases/default-market-offer-dmo-2024-25-draft-determination>.

¹⁵ The Hon Mick de Brenni MP, "Submission to DMO 6 Issues Paper", [online] available at: https://www.aer.gov.au/system/files/2024-03/Hon%20Mick%20de%20Brenni%20-%20Submission%20-%20DMO6%20issues%20paper%20-%2029%20February%202024_0.pdf, pp. 1–2. The Hon Chris Bowen MP, "Submission to the issues paper", [online] available at: <https://www.aer.gov.au/system/files/2024-01/Hon%20Chris%20Bowen%20MP%20-%20Submission%20-%20DMO%206%20issues%20paper.pdf>, p. 1. The Hon Penny Sharpe MLC, "Submission to the issues paper", [online], available at: <https://www.aer.gov.au/system/files/2024-01/Hon%20Chris%20Bowen%20MP%20-%20Submission%20-%20DMO%206%20issues%20paper.pdf>, p. 1.

requirement for retailers to surrender environmental certificates during the DMO 6 period and passing these costs on to customers, which would have the effect of lowering customer bills. This is a particularly viable option for the STC scheme, given that solar PV is more affordable and readily adopted by customers and therefore incentives are no longer required. Or the AER could push for short-term changes to federal and state-backed concession programs to provide additional cost of living relief, as we see this as a role of government. Retailers provide much support to customers but are not part of, or funded by, the social security system.

8. Summary of Energy Locals' position

As outlined above, Energy Locals has a number of concerns about the DMO 6.

We strongly disagree with the load profile assumptions and the resultant flattened curve included in the DMO 6 and consider this grossly underestimates the current (and anticipated) retailer costs. Of particular concern, in addition to the inaccuracies in the NSLP data set, is the exclusion of solar exports from the blended load profile.

The AER's rationale for removing the competition allowance is also flawed. While Energy Locals appreciates the rising cost of living pressures, the DMO 6 places the burden too greatly on retailers. Energy Locals urges the AER to keep the policy objectives of the DMO front of mind when setting the DMO 6 final price and to remember that retailers need to make a reasonable margin and the market should remain competitive.

Energy Locals would like to take this opportunity to thank the AER for the opportunity to consult on this Draft Determination. We are very happy to discuss any aspect of this submission with the AER team and in particular, are willing to provide further data to assist the AER in making more informed decisions.

Yours faithfully,



Adrian Merrick
Chief Executive Officer
Energy Locals Pty Ltd