

Our Ref: D19/148593  
Your Ref: MS19-000439  
Contact Officer: Mark Feather  
Contact Phone: 03 9290 6958

Level 17, Casselden  
2 Lonsdale Street  
Melbourne Vic 3000  
GPO Box 520  
Melbourne Vic 3001  
tel: (03) 9290 1800  
[www.aer.gov.au](http://www.aer.gov.au)

30 September 2019

The Hon Josh Frydenberg MP  
Treasurer  
The Hon Angus Taylor MP  
Minister for Energy and Emissions Reduction  
Parliament House  
CANBERRA ACT 2600

By email: [Josh.Frydenberg.MP@aph.gov.au](mailto:Josh.Frydenberg.MP@aph.gov.au)  
[Angus.Taylor.MP@aph.gov.au](mailto:Angus.Taylor.MP@aph.gov.au)

Dear Treasurer and Minister

Thank you for your letter received on 19 September 2019 regarding extending the Default Market Offer (DMO) to residential flexible ('time-of-use', or TOU) customers and residential and small business customers with solar PV.

In that letter you proposed to expand the [Australian Government's Competition and Consumer \(Industry Code – Electricity Retail\) Regulations 2019](#) (the Code) to cover these types of customers and asked the AER to consider them in the development of the DMO price and usage determination from 1 July 2020.

We have started a consultation process for the DMO determination for the period 1 July 2020 to 30 June 2021 (DMO 2). As a first step, we published a [Position Paper](#) on 19 September 2019 where we proposed possible pricing methodologies we could adopt to set the DMO 2 price. In light of your request, we have also proposed an approach which includes the residential TOU and residential and small business solar customers as part of the price and usage determination, seeking stakeholders' views on these issues.

We are currently consulting on the Position Paper and submissions will close on 18 October 2019. Following this, we will consult with stakeholders on our draft price methodology which will inform our final DMO 2 determination. We will continue to work closely with Treasury and the Department of Environment and Energy through the process.

If you have any questions, please contact Mark Feather, General Manager of Policy and Performance, on 03 9290 6958 or [mark.feather@aer.gov.au](mailto:mark.feather@aer.gov.au).

Yours sincerely



Jim Cox  
A/g Chair

Sent by email on: 30.09.2019