

Our Ref: 64687
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Mr Geoff Whelan
Electricity Markets
Department of Industry, Science, Energy and Resources
GPO 2013
Canberra ACT 2601

Sent via Email: electricitycode@industry.gov.au

Dear Mr Whelan

Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019 Post-Implementation Review

Thank you for the opportunity to comment on the Department of Industry, Science, Energy and Resources' (the Department) Directions Consultation Paper (Directions Paper) for its post-implementation review of the *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* (the Code).

We support the approach set out the Directions Paper, in particular directions 3 and 4 which are relevant to the Australian Energy Regulator's (AER) role in setting Default Market Offer (DMO) prices each year

Direction 3 – Adjusting the DMO determination timings

In setting annual DMO prices, the AER has regard to the timelines and processes for publishing the annual DMO determination set out in the Code.

We welcome the proposal to move the final determination date to 21 May to better enable us to take into account final network prices. This will ensure the DMO prices are more effective in delivering the DMO policy objectives of protecting consumers from unreasonable prices and enabling the retail market to remain competitive and innovative. We support this change being made as soon as possible to allow the AER to amend our timelines for the DMO 4 (2022-23) Determination and ensure these benefits are in place as soon as possible.

Direction 4 – Covering embedded network customers

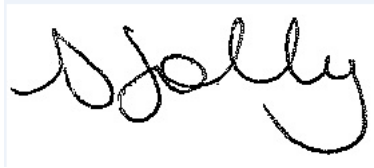
In performing our functions to determine the DMO price and setting a model annual usage, we have regard to the customer types covered by the DMO price cap.

We welcome the proposal to extend the DMO price cap protection to embedded network customers. This will enable embedded network customers of authorised retailers to receive the same price protection already afforded to customers of exempt sellers, as well as retail market customers. Embedded network customers who are billed by an exempt seller rather than an authorised retailer, are indirectly protected by the DMO price cap. This is because exempt sellers are subject to the AER's Exempt Selling Guideline, which requires them not to charge a price higher than the local area retailer's standing offer price (that is, the DMO price).

We consider all embedded network customers should receive this protection as soon as possible. We encourage the Department to complete its additional consultation as soon as possible so that these consumers can benefit from the DMO 5 (2023-24) price determination. In line with our usual practice, the AER plans to commence consultation for DMO 5 in the second half of 2022. How we take account of embedded network customers in setting the DMO price will depend on the form of the amended regulation. We look forward to working with the Department on including embedded networks customers in the DMO.

We thank the Department for the opportunity to submit on its review of the Code. If you have any questions about our submission, please contact Chloe Haseltine on 02 6243 1174.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Jolly', enclosed in a light blue rectangular border.

Stephanie Jolly

General Manager – Market Performance
Australian Energy Regulator