



**ENERGY
CONSUMERS
AUSTRALIA**

Setting the DMO3

AER DEFAULT MARKET OFFER FORUM
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What consumers are telling us

Previously existing concern about energy bills is amplified by the pandemic

- Even before the pandemic, households were focused on their everyday lives and often had so much happening that energy was not top of mind
- The current focus on meeting physiological, safety and security needs leaves little room to worry about energy bills
- In this context, the Default Market Offer becomes even more important

46%

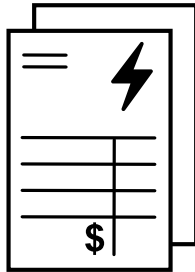
**Of Australians felt nervous
at least some of the time
(ABS, August 2020)**



“Our usage will increase as a result of everyone spending more time at home. I’m scared to see what the bill will look like.”

ECA COVID-19 Survey respondent

The importance of the DMO



Benefits seen across the market

Fewer
conditional
discounts

Decreased
prices for
standing offer
customers

Fewer market
offers priced
above the DMO

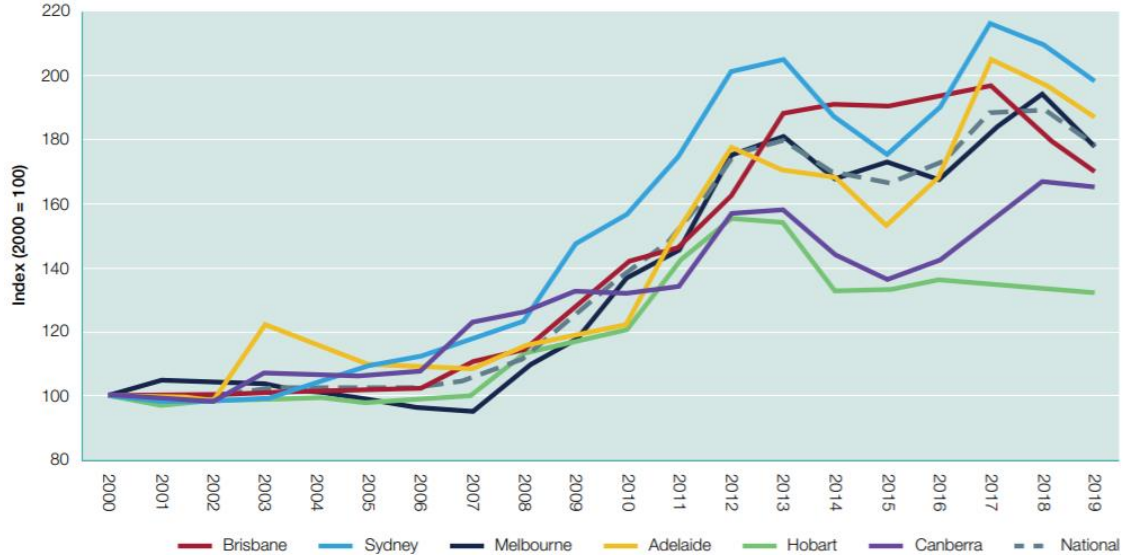
The AER's approach

We broadly support the AER's proposed indexation approach

We agree there is no need for a "true up"

Looking forward, we anticipate this approach will deliver downward pressure on prices

Electricity retail price index (inflation adjusted)



AER, State of the Energy Market 2020, Figure 6.4

Looking at the retail costs

- Publicly available information shows no material change in the cost to serve customers
- But, lack of transparency on retail costs is a significant concern
- Information asymmetry limits the ability of the AER to fully assess the impacts of COVID19, productivity gains...



Our pending *Sunshine on Retail* rule change request seeks to improve consumer confidence and policy decision making through transparent provision of retail data

Where to from here?

We would like to see voluntary provision of sufficient information and data for the AER to make an informed decision.

This would a big step towards regaining consumer trust and confidence in the market.



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