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30 March 2023

Ms Stephanie Jolly
General Manager, Market Performance
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Submitted by email: DMO@aer.gov.au

Dear Ms Jolly,

RE: Default Market Offer Price 2023-24 - Issue Paper

GloBird Energy welcomes the opportunity to provide feedback on the draft determination for the Default Market offer Price 2023-24 (**draft determination**).

GloBird Energy commenced operation in 2015 and has since become one of the fastest growing electricity and gas retailers in Australia, with a customer base over 150,000 residential and small business customers across Victoria, New South Wales, Queensland and South Australia. Our excellent value energy offerings, innovative products and a high-quality customer service are key drivers of our success in this highly competitive energy market.

We support the AER's draft determination of continuing the cost stack approach in DMO4 and applying the retail allowance as percentage of total costs.

Wholesale forecasting methodology

We reiterate our concerns expressed in our response to the AER' issue paper that the current book build process assumption that a prudent retailer would purchase hedging contracts over a 2-3 year period may reflect the hedging strategy of incumbent retailers but not that of small retailers who play a critical role to drive competition and together have a large market share.

We also submitted that small retailers do not possess the financial resources to hedge that far. Further, while small retailers are finding it difficult to get credit offered for 2-3 year period, hedging for such long period of time increases the retailer's working capital requirement on credit support and liquidity reserve needed on variation margin due to market volatility, which has increased significantly over the last few years.

At the AER's DMO 5 Draft Determination Retailer Workshop held on 29 March 2023, many retailers shared our concerns and there was a general consensus that retailers hedge for one year.

We submit a book build process that occurs over a 12- month period strikes the right balance between price stability, retail cost and sustainable market competitiveness.

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GloBird Energy will be pleased to meet with the AER to further discuss this submission. Please contact Nabil Chemali via email: nabil.chemali@globirdenergy.com.au

Yours sincerely



John McCluskey
Executive Manager
GloBird Energy