

From: [REDACTED]@engie.com
Sent: Thursday, 24 April 2025 10:29 AM
To: DMO
Subject: RE: DMO 7 - Seeking any further stakeholder feedback on retail cost methodology.
[SEC=OFFICIAL] [ACCC-ACCCANDAER.FID1974017]

Hi DMO team.

Please see ENGIE's feedback in relation to the AER's consideration of the retail cost component of DMO 7:

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ENGIE would not support the AER basing the retail cost component of DMO 7 solely on the Big 3 retailers. Doing so would effectively exclude the relatively higher per customer costs faced by smaller retailers who also service customers on standing offers. ENGIE notes that rules 18 and 19 of the National Energy Retail Rules oblige a retailer to sell energy to a site they are financially responsible for in accordance with their standing offer if requested by the customer.

ENGIE continues to contend that the AER's customer-weighted approach skews the DMO retail cost estimate to over-represent larger retailers with considerable cost advantages in the market. If the AER were to shift to an approach that based the calculation of retail costs solely on the costs of the Big 3 retailers, this would make it even more challenging for smaller retailers to recover their efficient costs of serving, acquiring, and retaining small customers.

ENGIE maintains that a more appropriate approach would be to use the median data point to calculate retail costs, applied across all retailers.

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Please let me know if you have any questions or would like to discuss this further.

Thanks,

Ronan