

Notice of decision, conditions and statement of reasons
Discover Energy Pty Ltd – Application to surrender gas retailer authorisation

NATIONAL ENERGY RETAIL LAW

SECTION 105

SURRENDER OF RETAILER AUTHORISATION G18001

TO: Discover Energy Pty Ltd
c/o Level 23
111 Pacific Highway
North Sydney NSW 2060

By email:

The Australian Energy Regulator (**AER**) has, on the application of Discover Energy Pty Ltd (ABN 20 619 204 750) (**Discover**) on 4 March 2026, decided to approve Discover's surrender of its gas retailer authorisation (G18001) (gas authorisation) (**the surrender**).

Pursuant to section 105 of the *National Energy Retail Law*, the AER has decided:

1. that the surrender shall take effect on 4 September 2026; and
2. to impose on Discover the conditions specified in Schedule 1.

The reasons for imposing the conditions specified in Schedule 1 on Discover are set out in Schedule 2.

When providing the information specified in clauses 1 to 18 of Schedule 1 (applicable to Discover) or clauses 4 to 8, 12 to 14 and 19 of Schedule 1 (applicable to CovaU Pty Ltd), the AER requires the information provided by either:

- a) sending the information to the AER at the following electronic address [AERauthorisations@aer.gov.au](mailto:AERauthorisations@ aer.gov.au) marked to the attention of AER Compliance and Enforcement – (noting that file attachments larger than 20MB will not be accepted by the ACCC/AER email server), or
- b) uploading the information to the AER's secure file sharing service using the link to be provided by the AER and marked to the attention of AER Compliance and Enforcement – Rebecca Holland.



Rebecca Holland
A/g General Manager, Compliance and Enforcement Branch
Compliance, Enforcement and Surveillance Division

SCHEDULE 1

CONDITIONS IMPOSED ON DISCOVER

1. Discover must notify the AER, in writing, after it has transferred all of its gas customers from:
 - a market retail contract or standard retail contract that each of Discover's gas customers entered into with Discover (**Discover Retail Contract**)to:
 - a market retail contract or standard retail entered into with CovaU Pty Ltd (ABN 99 623 475 089) (**CovaU**) (**CovaU Retail Contract**)within five business days of doing so and by no later than 10 business days before the surrender effective date of 4 September 2026.
2. Discover must ensure that, for each Impacted Customer¹ who is transferred, the terms and conditions that are included in the CovaU Retail Contract in relation to:
 - (a) non-price matters, are the same as the contract previously entered into with Discover except in relation to any exit fees or early termination fees which are not to apply within the first nine months of an Impacted Customer being transferred to an CovaU Retail Contract; and
 - (b) price matters, are the same as the contract previously entered into with Discover unless those terms and conditions in the CovaU Retail Contract provide for a price that is effectively lower than the price the Discover Retail Contract provided for.
3. In circumstances in which Discover is unable to comply with paragraphs 2(a) and/or 2(b), Discover must ensure that the terms and conditions that are included in the CovaU Retail Contract in relation to:
 - (a) non-price matters:
 - (i) are those contained in CovaU's most competitive generally available market retail contract;
 - (ii) provides that any exit fees or early termination fees are not to apply within the first nine months of an Impacted Customer being transferred to an CovaU Retail Contract; and
 - (b) price matters:
 - (i) are those contained in CovaU's most competitive generally available market retail contract.
 - (ii) Where the Impacted customer is disadvantaged through a higher cost (i.e., higher prices or higher fees and charges), Discover will compensate the price/cost variation for each customer.
4. Discover must ensure that the following information is recorded in CovaU's systems:
 - (a) whether the Impacted Customer, on the day before the Impacted Customer is to be transferred to an CovaU Retail Contract is:

¹ For the purposes of the *conditions imposed on Discover*, an Impacted Customer is defined as each customer who will be transferred from Discover to CovaU following the approval of surrender of Discover's gas retailer authorisation.

- (i) on a payment plan in accordance with rule 33(1) of the National Energy Retail Rules (**NERR**) (**Discover Payment Plan**);
 - (ii) participating in Discover's hardship program (**Discover Hardship Program**) as set out in Discover's current hardship policy approved by the AER on 29 November 2018 (**Discover Hardship Policy**);
 - (iii) using Centrepay as a payment option immediately prior to the customer transfer, and any other information relevant to the customer's Centrepay arrangements;
 - (iv) registered at a premises that has life support equipment in accordance with Part 7 of the NERR, irrespective of whether any process pursuant to rules 124A and 125(4) and 125(5) of NERR has commenced;
 - (v) on a 'no contact' list in accordance with rule 65 of the NERR;
 - (vi) identified by Discover as an 'affected customer' within the meaning of rule 3 of the NERR; and
- (b) for each Impacted Customer who is recorded as being on a Discover Payment Plan under paragraph 4 (a)(i):
- (i) the payment amount and frequency;
 - (ii) the commencement and expiry date of the payment plan; and
 - (iii) any outstanding payment amounts owing on the payment plan to Discover on the day before the day the Impacted Customer is transferred to a CovaU Retail Contract;
- (c) for each Impacted Customer who is recorded as participating in the Discover Hardship Program under paragraph 4 (a)(ii), the details of the assistance that is provided to them;
- (d) for each Impacted Customer who is recorded as an 'affected customer' under paragraph 4 (a)(vi) the preferred method of communication, as identified under rule 76H of the NERR.
5. Discover must ensure, for each Impacted Customer who is recorded as:
- (a) being on a Discover Payment Plan under paragraph 4(a)(i); and/or
 - (b) participating in the Discover Hardship Program under paragraph 4(a)(ii),
- upon being transferred to the CovaU Retail Contract, is transferred to:
- (a) be on a payment plan with CovaU; and/or
 - (b) participate in **CovaU Hardship Program** as set out in CovaU's current hardship policy approved by the AER on 22 November 2021 (**CovaU Hardship Policy**),
- on the same terms as the Discover Payment Plan and/or substantially the same and no less favourable terms as the Discover Hardship Program, without being required to reapply.
6. For each Impacted Customer who is recorded as:
- (a) being on a Discover Payment Plan under paragraph 4(a)(i); and/or
 - (b) participating in the Discover Hardship Program under paragraph 4(a)(ii),

Discover must ensure that, upon being transferred to the CovaU Retail Contract, each customer is informed via their preferred written method of communication of the details of their:

- (a) payment plan with CovaU; and/or
 - (b) about their participation in the CovaU Hardship Program.
7. Discover must ensure, for each Impacted Customer recorded as being identified as an 'affected customer' under paragraph 4 (a)(vi), that:
- (a) CovaU assists these customers in accordance with CovaU's family violence policy prepared under rule 76A of the NERR;
 - (b) CovaU flags each affected customer's account in accordance with the *AER's Family Violence Rules: Guidance for Energy Retailers*.
8. For each Impacted Customer who is using Centrepay as a payment option immediately prior to the transfer to a CovaU Retail Contract as identified in paragraph 4 (a)(iii), Discover must ensure that, within the first six months of an Impacted Customer being transferred to a CovaU Retail Contract, CovaU does not cancel a payment plan in circumstances where there has been non-payment in respect of the Impacted Customer as a result of disruption to the Impacted Customer's Centrepay arrangements.
9. Discover must contact each Impacted Customer who is using Centrepay as a payment option via their preferred form of communication:
- (a) no later than 2 weeks after the transfer to a CovaU Retail Contract, to inform the customer of the requirement to establish new Centrepay arrangements and to provide information about how the customer may do so; and
 - (b) where the Impacted Customer does not establish new Centrepay arrangements within 4 weeks of their transfer to a CovaU Retail Contract, to remind the customer of the requirement to establish new Centrepay arrangements and to provide information about how the customer may do so; and
 - (c) where the Impacted Customer does not establish new Centrepay arrangements within 8 weeks of their transfer to a CovaU Retail Contract, to remind the customer of the requirement to establish new Centrepay arrangements and to provide information about how the customer may do so.
10. If the transfer of an Impacted Customer to a CovaU Retail Contract results in overcharging by Discover of an Impacted Customer,² Discover must ensure that it:
- (a) deals with any overcharge in accordance with the requirements of rule 31 of the NERR; and
 - (b) reports any breach of rule 31 of the NERR by Discover to the AER in accordance with the AER's Compliance procedures and guidelines.³
11. For each Impacted Customer who is transferred from a Discover Retail Contract to a CovaU Retail Contract, within 14 days of being transferred to a CovaU Retail Contract, Discover must ensure that each Impacted Customer receives correspondence via their preferred written form of communication to:
- (a) inform the Impacted Customer of the transfer;

² 'Overcharging' is to be interpreted in accordance with rule 31 of the NERR.

³ Under [version 7](#) of the Compliance procedures and guidelines which is effective from 1 April 2025, NERR rule 31 is subject to both the material breach reporting framework and half yearly reporting.

- (b) inform the Impacted Customer that they are no longer a customer of Discover and are now a customer of CovaU;
 - (c) in a prominent and clearly identifiable manner, inform the Impacted Customer that they can transfer from CovaU to a new retailer without exit fees;
 - (d) in a prominent and clearly identifiable manner, inform the Impacted Customer that Energy Made Easy is the Australian Government's independent website where customers can compare gas offers to find the right energy plan for them and that unlike some commercial switching websites, Energy Made Easy shows all generally available offers and does not take commission from retailers; and
 - (e) provide a prominent and clearly named hyperlink directly below the information referred to in paragraph 11 (d) to <https://www.energymadeeasy.gov.au>.
12. For each Impacted Customer who is recorded as being registered at a premises that has life support equipment under paragraph 4 (a)(iv), Discover must notify the relevant distributor that the Impacted Customer has changed retailer to CovaU but continues to require life support equipment at the premises within five business days of the relevant customer being transferred from a Discover Retail Contract to a CovaU Retail Contract.
 13. Where Discover has provided a medical confirmation form to an Impacted Customer in accordance with rule 124 of the NERR but the Impacted Customer has not yet provided medical confirmation, Discover must inform CovaU of the date the medical confirmation form was provided to the customer and must ensure that CovaU complies with rule 124A of the NERR as if the medical confirmation form had been provided to the customer on that date by CovaU.
 14. For each Impacted Customer who is transferred from a Discover Retail Contract to a CovaU Retail Contract, Discover must ensure the CovaU Retail Contract is not terminated without the agreement of the Impacted Customer for a period of at least nine months from the date the Impacted Customer is transferred to the CovaU Retail Contract.
 15. Discover must ensure that any objections, concerns or complaints received by Discover or CovaU from an Impacted Customer in relation to the transfer of an Impacted Customer or the intention of an Impacted Customer to transfer from CovaU to a new retailer, are recorded in CovaU's systems and can be produced to the AER on request.
 16. For six months from the date that the first Impacted Customer is transferred **Discover** must continue to comply with all requirements and obligations as a "retailer" (as defined in the NERL), deemed to be selling energy to customers, in relation to sections 50 and 51 of the NERL, and rules 21, 29, 30-33, and 76F of the NERR.
 17. For 12 months from the date the first Impacted Customer is transferred for **each** Impacted Customer who has any amount outstanding in a final invoice issued by Discover:
 - (a) the Impacted Customer will continue to be a "customer", "small customer", "residential customer", "hardship customer", and/or "business customer" (as defined in the NERL) of Discover if they were such a customer of Discover on the day immediately before the date on which they are transferred; and
 - (b) sections 50 and 51 of the NERL and rules 21, 29, 30-33 and 76F of the NERR continue to apply in relation to the Impacted Customer as those provisions applied to the customer on the day immediately before the date they are transferred.
 18. Until 12 months after the date on which the first Impacted Customer is transferred, Discover must ensure that it provides Impacted Customers with the option to raise a complaint directly with Discover or the Ombudsman.

19. In completing the transfers of the Impacted Customers to a CovaU Retail Contract, Discover must ensure that it and CovaU comply with the applicable processes in the relevant Gas Retail Market Procedures administered by AEMO.
20. Within six months of the last Impacted Customer being transferred to the CovaU Retail Contract, Discover must provide:
 - (a) the AER with a report signed by the CovaU Head of Compliance, Risk and Assurance (or equivalent position holder) that states whether CovaU has complied with the conditions set out in paragraphs 4 to 8, 12 to 14 and 19 above; and
 - (b) evidence of such compliance, if requested by the AER.
21. Within six months of the last Impacted Customer being transferred to the CovaU Retail Contract, Discover must provide:
 - (a) the AER with a report signed by the Discover Head of Compliance, Risk and Assurance (or equivalent position holder) that states whether Discover has complied with the conditions set out in paragraphs 1 to 18 above; and
 - (b) evidence of such compliance, if requested by the AER.

SCHEDULE 2

REASONS FOR APPROVAL OF SURRENDER, IMPOSING CONDITIONS ON DISCOVER ENERGY'S GAS RETAILER AUTHORISATION SURRENDER

Discover Energy (Retail) Pty Ltd (**Discover**) is seeking to surrender its gas authorisation, which it has held since 13 December 2019.

The application for the surrender of Discover's gas retailer authorisation sets out the process for the transfer of all Discover's existing gas customers to CovaU Pty Ltd (CovaU).

In accordance with section 105 of the NERL, the AER may decide to approve the surrender of a retailer authorisation if it is satisfied that arrangements relating to the surrender will appropriately manage the transfer of any retail customers.

The *AER Retailer Authorisation Guidelines Version 3, July 2024*⁴ sets out three principles that the AER will consider in deciding whether to approve the surrender of a retailer authorisation:

- any customer transfers arising from the surrender must be managed appropriately, as required by the NERL, and that customers have continuity of supply;
- customers must not suffer unnecessary detriment as a result of being transferred to another retailer (particularly where customers may not have the opportunity to provide their explicit informed consent for the transfer); and
- customers must have all the necessary information to make an informed choice about their energy service.

In deciding to approve the surrender of a retailer authorisation, the AER:

- (a) may, after consulting with the Australian Energy Market Operator (**AEMO**), impose conditions for the transfer of customers to another retailer; and
- (b) must fix a time, no later than six months after deciding the application, for the surrender to take effect.

The AER has consulted with AEMO as required by the NERL.

Gas authorisation

The AER has decided to approve the surrender of Discover's gas retailer authorisation.

The surrender of Discover's gas authorisation will take effect on **4 September 2026**.

For the reasons outlined below, the AER has decided to approve the surrender of Discover's gas retailer authorisation. The AER considers that the arrangements in place, which provide for the transfer of Discover's gas customers (**Impacted Customers**) to CovaU, are appropriate to:

- manage the continuity of energy supply to these customers; and
- ensure that these customers are made aware of the surrender of Discover's retailer authorisation and how the surrender may affect them.

The AER has decided to place 21 conditions on the surrender of Discover's gas retailer authorisation to facilitate the smooth transfer of customers to CovaU and to ensure that Impacted Customers are not disadvantaged by the transfer to CovaU.

The surrender of Discover's gas authorisation will take effect on **4 September 2026**. Until this time, Discover is still an authorised gas retailer and will need to continue to satisfy its retailer obligations, including maintaining its Ombudsman membership and continuing to comply with its obligations relating to notifying customers of their dispute resolution rights.

⁴ AER Retailer Authorisation Guidelines Version 3, July 2024 - [Weblink](#)

Any customer transfers arising from the surrender are managed appropriately, as required by the Retail Law, and that customers have continuity of supply

The AER is satisfied that Discover has sufficient arrangements in place to ensure that Impacted Customer transfers are appropriately managed and to ensure continuity of supply for Impacted Customers.

As noted above, Discover will transfer the Impacted Customers to CovaU. To prepare for these transfers, Discover has engaged with third parties (distributors, Ombudsman schemes and AEMO) and conducted trials and testing of systems to ensure customer transfers are appropriately managed and customers have continuity of supply.

Discover has also assured the AER that it has systems in place to manage customer queries or concerns regarding the transfer.

To formalise these arrangements, the AER has decided to place reporting requirements on Discover in relation to its gas customer transfers. This includes the following reporting requirements:

- Discover must notify the AER of the successful transfer of all Impacted Customers to CovaU (or to other retailers, where the customer has elected to switch). This will ensure that all Impacted Customers have been transferred before the surrender of Discover's gas retailer authorisation takes effect.
- Discover must provide a report stating whether it has complied with the conditions of surrender for Impacted Customers and (where required) provide evidence of this to the AER.
- Discover must record any objections, concerns or complaints received by Discover or CovaU from an Impacted Customer in relation to the conduct of customer transfers or in relation to a customer's intention to transfer from CovaU.

Customers do not suffer unnecessary detriment as a result of being transferred to another retailer

The AER is satisfied that the arrangements proposed by Discover as part of its application, together with conditions imposed by the AER, are sufficient to ensure that Impacted Customers do not suffer unnecessary detriment.

Discover has advised that a large majority of Impacted Customers are able to be migrated to CovaU on better price and non-price terms.

In very limited circumstances where Impacted customers may not receive better price and non-price terms, Discover will provide those Impacted customers with compensation for the price variation.

To support this commitment and ensure that Impacted Customers are protected through the migration, the AER has decided to impose a number of conditions. In summary, these conditions impose the following obligations on Discover:

- Impacted Customers must be able to access contracts which provide at least the same terms and conditions (including price) as the customer's previous contract with Discover. This condition will ensure that Impacted Customers will not suffer unnecessary detriment as a result of this proposal. Where the Impacted customer is disadvantaged through a higher cost (i.e., higher prices or higher fees and charges), Discover will compensate the price/cost variation for each customer.
- Impacted Customers transferred to CovaU as part of the gas retailer authorisation surrender:
 - (a) must not be charged early termination fees for at least nine months after the customers are transferred, should the customer elect to transfer to another retailer
 - (b) cannot be terminated from the CovaU contract to which they have been transferred to for a period of at least nine months without customer agreement.

At the date of this Notice, Discover has no customers either on a Payment plan, participating in the Discover Hardship program, paying by Centrepay, registered for life support or identified by Discover as impacted by family violence. Discover has advised of having arrangements in place to ensure, if the situation changes in respect of any of the below mentioned Discover gas customers, discover customers will continue to receive the relevant customer protections.

In the situation where the customer's situation or needs may change, the AER considers the following conditions will provide time for Impacted Customers to identify whether their CovaU Retail Contract is suitable for their needs and limit the potential for unnecessary detriment to customers.

- For each Impacted Customer who is on a payment plan and uses Centrepay as a payment option, Discover must ensure that, within the first six months of them being transferred to CovaU, a payment plan is not cancelled in circumstances where there has been non-payment due to disruption to Centrepay arrangements caused by the transfer process.
- For each Impacted Customer recorded by Discover as being registered at a premises that has life support equipment, Discover must notify the relevant distributor within five business days of the transfer that the Impacted Customer has changed retailer but continues to require life support equipment at the premises. Discover must also ensure that customers who have not provided medical confirmation will be provided reminder notifications to provide these confirmations to CovaU.

In addition to the above, the AER has imposed a number of conditions on Discover that relate to the recording of details around Impacted Customers' payment plans, hardship assistance, life support requirements and family violence protections. Impacted Customers who are on a payment plan or participating in hardship program are not required to reapply to CovaU to be on a payment plan or hardship program on the same terms as their Discover Payment Plan or substantially the same terms and no less favourable as their participation in the Discover Hardship Program.

Customers have all the necessary information to make an informed choice about their energy service

While some Impacted Customers may make an active choice to transfer to CovaU, there may be others who may not make this active choice. In these circumstances, the AER considers that Impacted Customers should have sufficient information to make an informed choice about their energy services. This should include suitable information about their contract changes and the options available to them.

The AER is aware that Discover has already communicated with its transferring gas customers and provided them with information regarding the upcoming transfer and relevant contact details, should customers wish to opt out of the transfer to CovaU.

The AER has placed a condition on Discover, requiring it to ensure that Impacted Customers receive correspondence within 14 days of the transfer, informing them that they are now CovaU customers and can compare energy deals offered by other retailers and provide a link to Energy Made Easy, the Australian Government's independent comparator website.