



Australian Government



AUSTRALIAN  
ENERGY  
REGULATOR

# Information Kit

## Draft Default Market Offer 2026–27

MARCH 2026

### About the Default Market Offer

The Default Market Offer (DMO) is an efficiently priced energy plan applied as the standing offer to households and small businesses in South Australia, New South Wales and South East Queensland.

The DMO is designed to protect those who don't sign up to a more competitive retail market offer or are unable, or choose not, to engage in the electricity market.

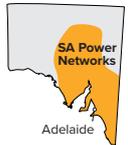
The DMO is also used as a reference price to compare against market retail energy plans throughout the year.

Retailers are obliged to show how their plans compare to the DMO in advertising and promotion.

As the standing offer, the DMO may not be the best retail offer available, but when it comes into effect on 1 July each year, the annual price is locked in for the next 12 months.

Customers are encouraged to shop around for better deals than the DMO, which is why less than 10% of households and only about 15% of small businesses remain on it.

### Standing offer customers in DMO regions

State		Residential (no.& %)	Small business (no. & %)
<b>New South Wales</b>		256,289 (7.3%)	45,070 (14.6%)
Distribution zones are Ausgrid, Essential Energy and Endeavour Energy			
<b>South East Queensland</b>		146,674 (9.4%)	18,674 (15.7%)
Distribution zone is Energex			
<b>South Australia</b>		60,050 (7.2%)	12,846 (14.6%)
Distribution zone is SA Power Networks			
<b>Total standing offer customers</b>		463,013 (7.8%)	76,590 (14.9%)

## Draft DMO annual prices – what you need to know

Following recent reforms by the Australian Government to the DMO regulatory framework, the AER is now required to show an annual price for:

- a flat rate Default Market Offer – for customers with a fixed daily supply charge and a single usage charge.
- a time of use Default Market Offer – for customers on tariffs priced differently throughout the day, typically offering lower rates in the middle of the day and higher rates at peak times. They are only available to customer with smart meters.
- a Solar Sharer Offer (new) – a different form of time of use tariff where customers can use electricity for free for 3 hours each day.

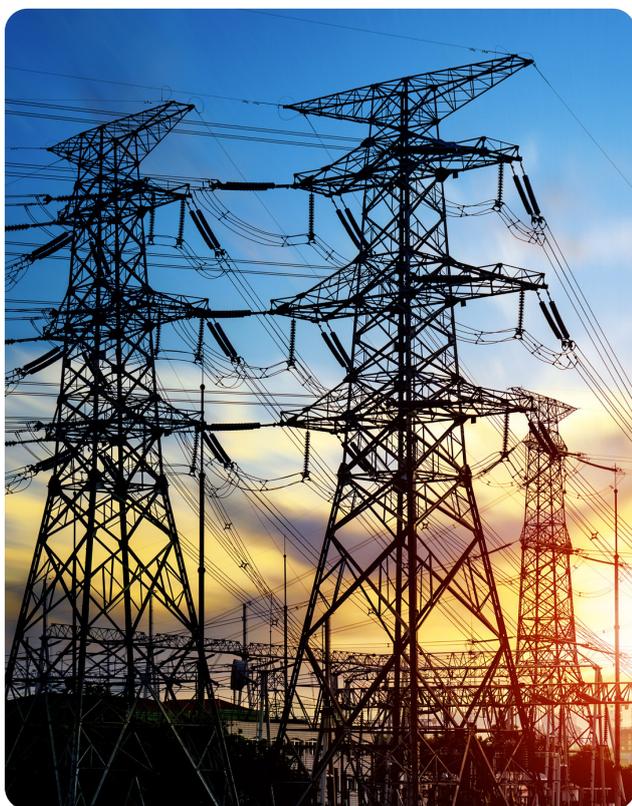
The annual price for each DMO represents how much a customer would spend in a year on a particular offer type if they had an average annual level of household or small business electricity consumption (shown in the price tables as “annual usage”).



The same consumption profile applies for Time of Use and Solar Sharer Offer customers.

It is calculated based on the most efficient costs to serve these customers. The same consumption profile applies for Time of Use and Solar Sharer Offer customers.

In many regions, the annual price is the same regardless of the tariff type a customer is on. However, in some cases there are small differences depending on the network tariffs available to retailers in those regions.



## How prices compare to last year

All DMO annual prices are proposed to decrease across the distribution zones based on the AER’s draft decision.

- In New South Wales, proposed DMO annual prices are between 2.4% (-\$58) to 8.2% (-\$226) lower for residential customers and 7.6% (-\$379) to 21.2% (-\$1,320) lower for small business customers compared to last year.
- In South East Queensland, proposed DMO annual prices are 10.1% (-\$216) lower for residential customers and 12.8% (-\$550) lower for small business customers compared to last year.
- In South Australia, proposed DMO annual prices are 1.3% (-\$31) lower for residential customers and 15.2% (-\$845) lower for small business customers compared to last year.

All comparisons are shown in nominal terms without adjustments for inflation. The reductions are bigger when the annual prices are considered in real terms adjusted for forecast inflation.

## Proposed DMO prices for residential customers as of 1 July 2026

Distribution zone		Residential, flat rate	Residential, time of use	Solar sharer offer
Ausgrid (NSW)	Proposed DMO price 2026–27	\$1,875	\$1,886	\$1,886
	For annual usage	3,900 kWh	3,900 kWh	3,900kWh
	DMO price last year 2025–26	\$1,965	\$1,965	
	Change year on year (nominal)	-\$90 (-4.6%)	-\$79 (-4.0%)	
	Change year on year (real)	-\$173 (-8.8%)	-\$162 (-8.2%)	
Endeavour (NSW)	Proposed DMO price 2026–27	\$2,347	\$2,353	\$2,353
	For annual usage	4,900 kWh	4,900 kWh	4,900kWh
	DMO price last year 2025–26	\$2,411	\$2,411	
	Change year on year (nominal)	-\$64 (-2.7%)	-\$58 (-2.4%)	
	Change year on year (real)	-\$165 (-6.9%)	-\$159 (-6.6%)	
Essential (NSW)	Proposed DMO price 2026–27	\$2,515	\$2,515	\$2,515
	For annual usage	4,600 kWh	4,600 kWh	4,600 kWh
	DMO price last year 2025–26	\$2,741	\$2,741	
	Change year on year (nominal)	-\$226 (-8.2%)	-\$226 (-8.2%)	
	Change year on year (real)	-\$341 (-12.4%)	-\$341 (-12.4%)	
Energex (SE QLD)	Proposed DMO price 2026–27	\$1,927	\$1,927	\$1,927
	For annual usage	4,600 kWh	4,600 kWh	4,600 kWh
	DMO price last year 2025–26	\$2,143	\$2,143	
	Change year on year (nominal)	-\$216 (-10.1%)	-\$216 (-10.1%)	
	Change year on year (real)	-\$306 (-14.3%)	-\$306 (-14.3%)	
SA Power Networks (SA)	Proposed DMO price 2026–27	\$2,270	\$2,270	\$2,270
	For annual usage	4,000 kWh	4,000 kWh	4,000 kWh
	DMO price last year 2025–26	\$2,301	\$2,301	
	Change year on year (nominal)	-\$31 (-1.3%)	-\$31 (-1.3%)	
	Change year on year (real)	-\$128 (-5.5%)	-\$128 (-5.5%)	

## Proposed DMO prices for small business customers as of 1 July 2026

Distribution zone		Small business, flat rate	Small business, time of use
Ausgrid (NSW)	Proposed DMO price 2026–27	\$4,474	\$4,598
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$4,977	\$4,977
	Change year on year (nominal)	-\$503 (-10.1%)	-\$379 (-7.6%)
	Change year on year (real)	-\$712 (-14.3%)	-\$588 (-11.8%)
Endeavour (NSW)	Proposed DMO price 2026–27	\$4,367	\$4,396
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$4,775	\$4,775
	Change year on year (nominal)	-\$408 (-8.5%)	-\$379 (-7.9%)
	Change year on year (real)	-\$609 (-12.7%)	-\$580 (-12.1%)
Essential (NSW)	Proposed DMO price 2026–27	\$4,902	\$4,902
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$6,222	\$6,222
	Change year on year (nominal)	-\$1,320 (-21.2%)	-\$1,320 (-21.2%)
	Change year on year (real)	-\$1,581 (-25.4%)	-\$1,581 (-25.4%)
Energex (SE QLD)	Proposed DMO price 2026–27	\$3,744	\$3,744
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$4,294	\$4,294
	Change year on year (nominal)	-\$550 (-12.8%)	-\$550 (-12.8%)
	Change year on year (real)	-\$730 (-17%)	-\$730 (-17%)
SA Power Networks (SA)	Proposed DMO price 2026–27	\$4,696	\$4,696
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$5,541	\$5,541
	Change year on year (nominal)	-\$845 (-15.2%)	-\$845 (-15.2%)
	Change year on year (real)	-\$1,078 (-19.4%)	-\$1,078 (-19.4%)

## What makes up the DMO?

Cost components that make up a DMO annual price	Percentage range for DMO 2026-27 (depending on region)
<b>Wholesale</b> – the cost to buy electricity	32%–44%
<b>Network</b> – the cost to transport electricity	39%–48%
<b>Environmental</b> – the cost to comply with government environment schemes	2%–3%
<b>Retail</b> – the cost to serve customers	7%–16%

## What's caused these price reductions?

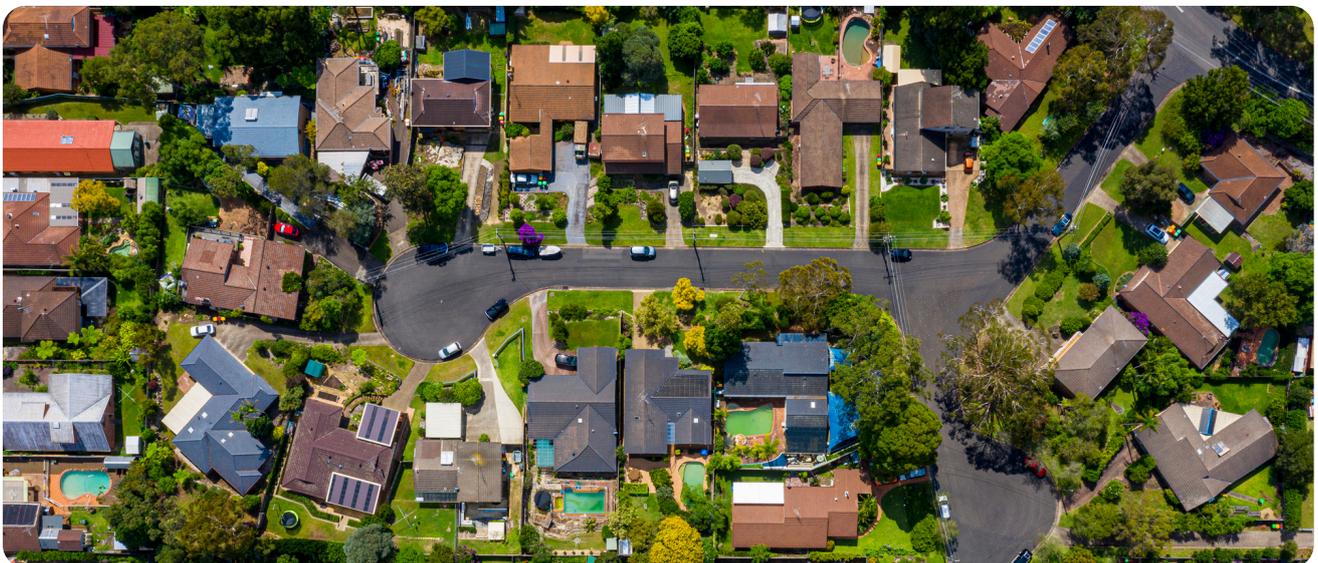
### Market drivers

- Lower wholesale electricity costs driven by falling contract prices for 2026–27.  
Drivers of the falling contract prices include:
  - Reduced spot price volatility since June 2025, with fewer and smaller high-price events (when the spot price exceeds \$5,000 per megawatt hour) than in recent years.
  - Increased output from wind and battery generation, reducing reliance on more expensive gas and hydro generation during evening peaks.
- Lower retail operating costs reported by retailers, including reduced costs to serve customers, acquire and retain customers, and other shared retail costs.
- Lower environmental scheme costs, due to reductions in both the Australian Government's Large-scale Renewable Energy Target and Small-scale Renewable Energy Scheme costs across all regions.

### Reforms to the DMO regulations

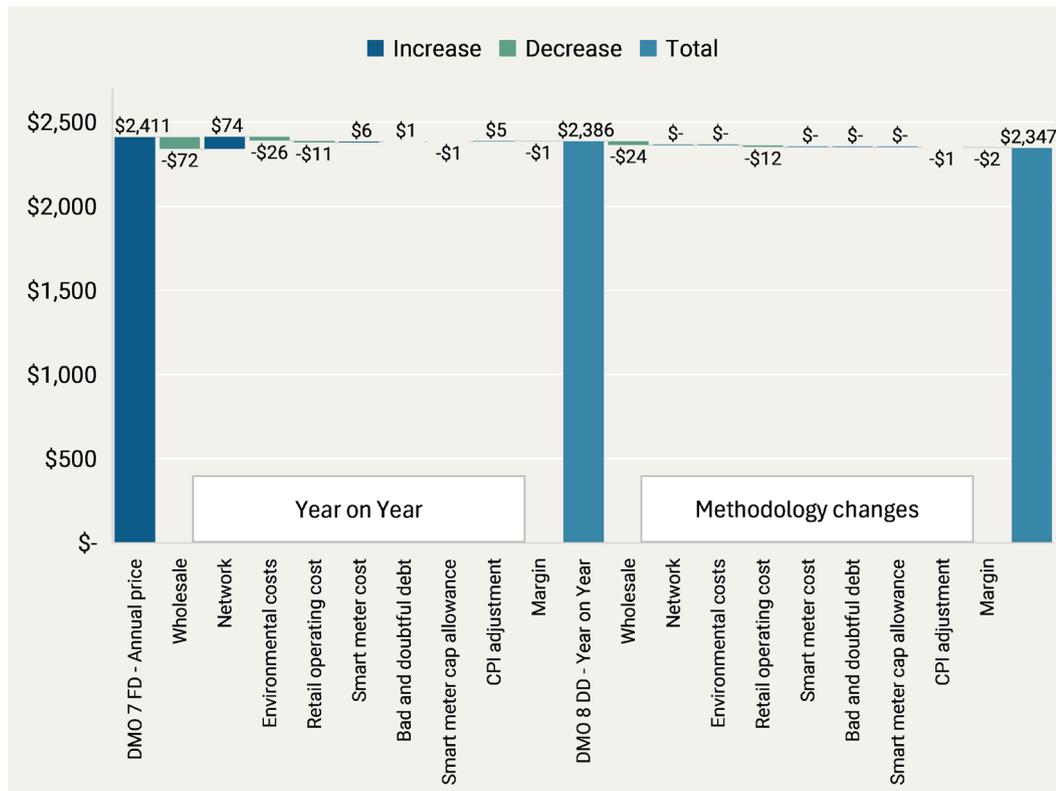
- In November 2025, the Australian Government announced reforms to enhance the DMO as a consumer safety net. These reforms set an objective for the DMO to provide a fair, trusted and reasonably priced electricity option that reflects the costs of supplying small customers with an essential service.
- The reforms require the AER to consider the efficient costs of supplying electricity and the long-term interests of consumers under an efficient pricing framework.
- The AER has adjusted a number of elements of the DMO calculation methodology as a result of these reforms.

The reforms and the market drivers in combination have led to the draft determination prices.

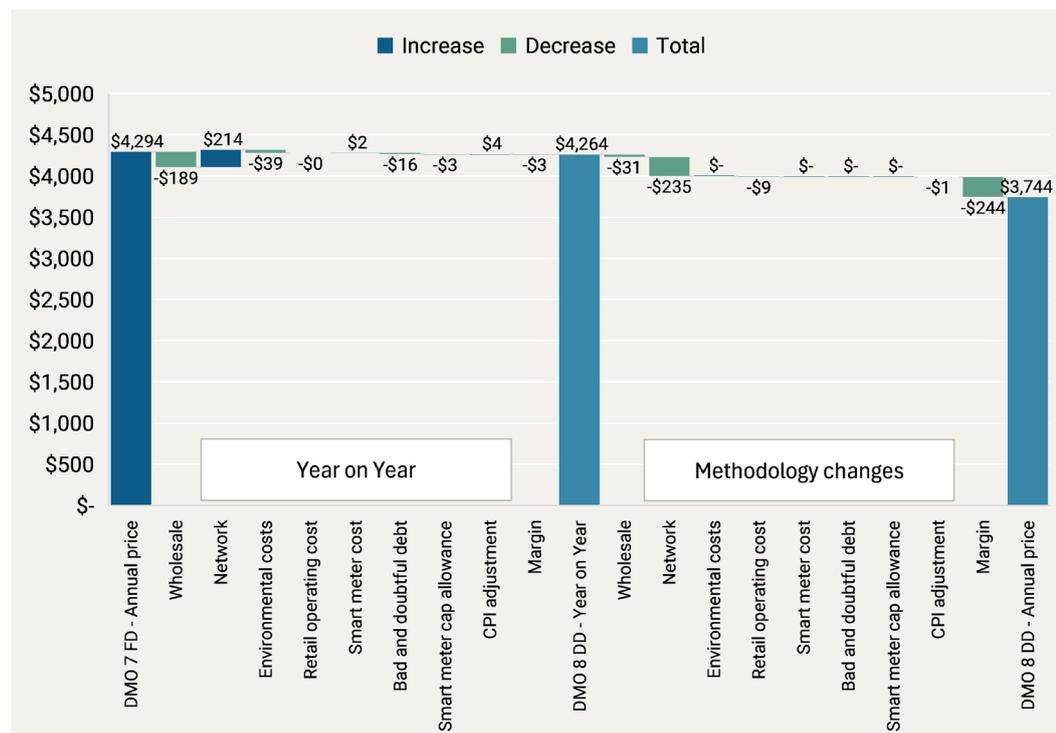


These charts show the year-on-year changes (due to underlying changes in market conditions) as well as the changes resulting from movements in the DMO methodology. We've provided two charts (Endeavour Energy - residential and Energen - small business) but all charts are available in the full draft determination document.

### Endeavour Energy – residential flat rate



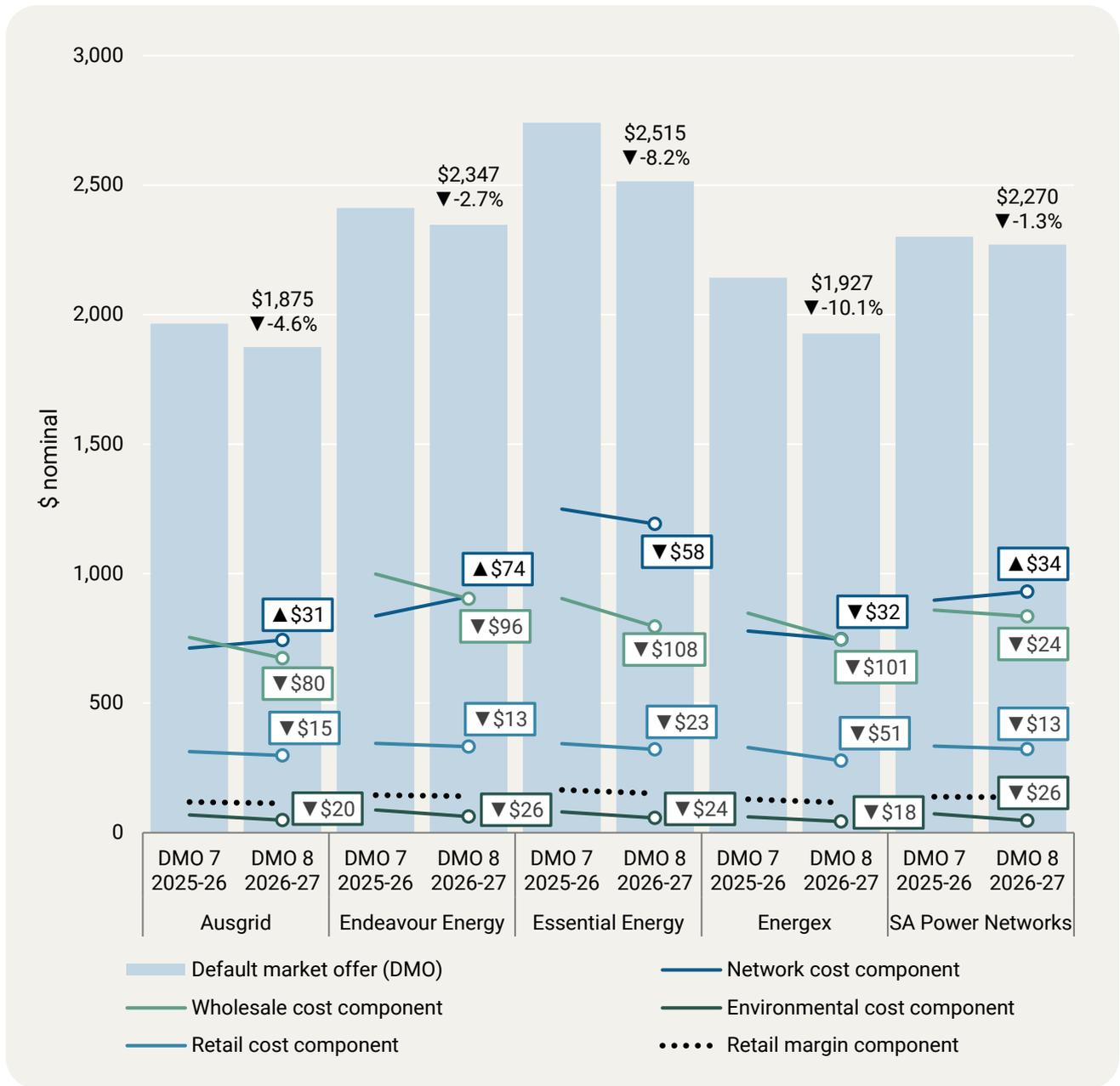
### Energen small business flat rate



## Changes in cost components

This graph shows the \$ amount movements on DMO cost components as compared to the previous year.

**Note:** prices displayed are for flat rate residential customers



## What about the impact of conflict in the Middle East?

- The current issues arising from the Middle East conflict are not currently impacting the Australian National Electricity Market in the same way when prices rose after the Russian invasion of Ukraine, but we continue to monitor markets closely.
- We are monitoring impacts on global fuel prices and note that any impacts on gas, coal and ASX contract prices will be considered and captured within the final DMO determination in May.
- As part of calculating the DMO each year, we forecast wholesale costs based on simulated spot market outcomes and the trades we can see occurring in the hedge contract markets.
- Retailers enter into these contract market products over time to protect themselves and their customers from individual events and wholesale spot market volatility for the coming years.
- At present, despite contract market prices rising since hostilities started, the prices of these key hedge contracts are tracking below the previous year and significantly less than the 2022 events.
- Wholesale costs make up around 40% of a household's electricity bill.

### How does the Solar Sharer Offer work?

Retailers with over 1,000 residential customers will be required to have an opt-in Solar Sharer Offer (SSO) plan available for customers. The SSO includes 3 hours of free usage during the day to take advantage of Australia's abundant solar energy resources.

Proposed free power periods (local time):

- 11am–2pm: New South Wales and South East Queensland
- 12pm–3pm: South Australia

We selected the free power period in each region to take advantage of when network and wholesale costs are at their lowest and solar output is at its highest in each region. This maximises the benefits of the offer and minimises the costs that need to be recovered at other times of day.

The SSO may suit customers with a smart meter with the same consumption profile as the DMO who can shift some of their energy usage into the designated free usage period. Examples of shifting usage might be programming a couple of loads of washing, running the dishwasher, or charging an electric vehicle in the middle of the day.

But it might not be for everyone, which is why it is opt-in for customers. It's all about how people routinely use their electricity and the shifts in behaviour they can make to the middle of the day.

SSO customers using the free usage period will have the opportunity to make savings directly on their electricity bills.



There is a daily cap (24 kilowatt hours) set by the Australian Government that applies to electricity usage in the 3-hour free usage period. Any electricity used up to the reasonable use cap will be free, and any electricity used above the cap will be charged at the regulated excessive usage charge rate.

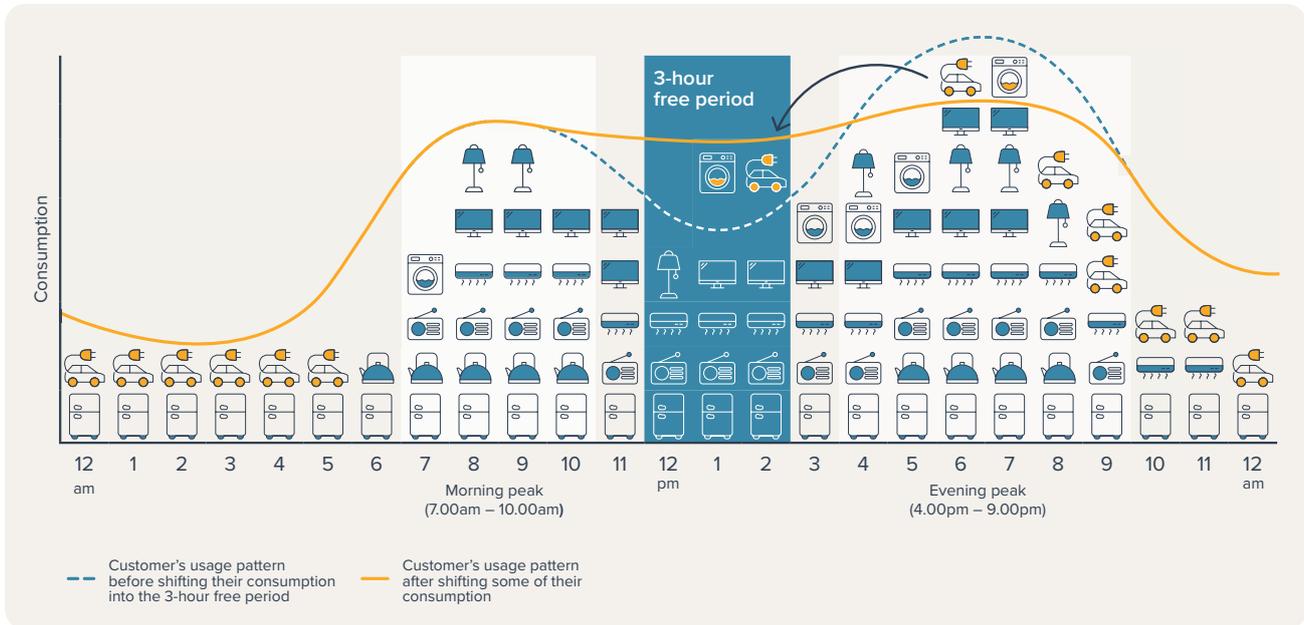
This is equivalent to roughly a day's usage for a 5-person household. As a consumer safeguard, the price of electricity over this amount and outside the free usage hours will be regulated, using the same annual price as the time of use Default Market Offer available in each distribution zone.

This means consumers who aren't able to shift consumption shouldn't be disadvantaged. However, they will miss out on the potential savings available in the SSO.

## Why shifting energy use helps us all

Giving customers the incentive to move some of their electricity demand into the middle of the day will help to maximise the use of solar energy while avoiding expensive peaks in demand once the sun goes down.

Shifting more demand to the middle of the day would lower the cost of the electricity system for all consumers as we don't need to build as much generation or poles and wires to meet the evening peak.

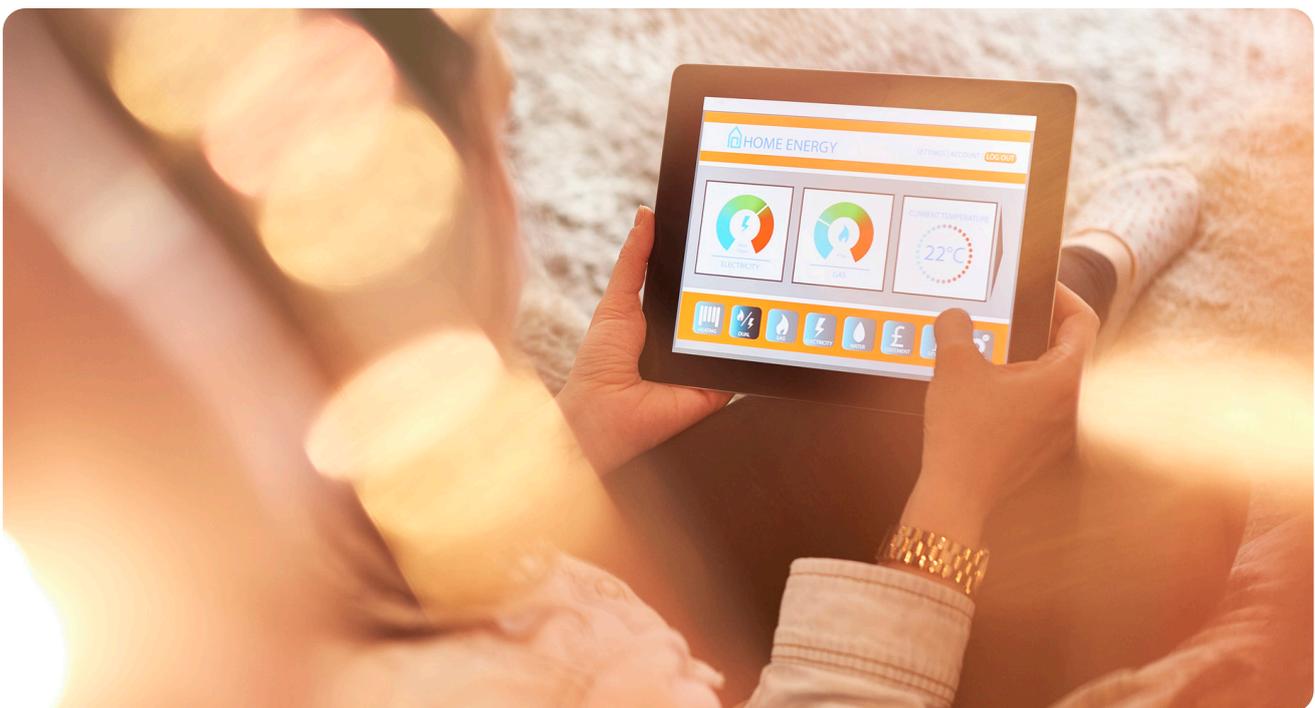


## Introduction of tariff caps

Under new regulatory reforms, the AER will now set capped prices for daily supply charge rates, and electricity usage rates (known as tariffs) in addition to a DMO annual price.

Prior to the reforms, retailers could set their own tariffs however they wanted, to achieve the DMO annual price.

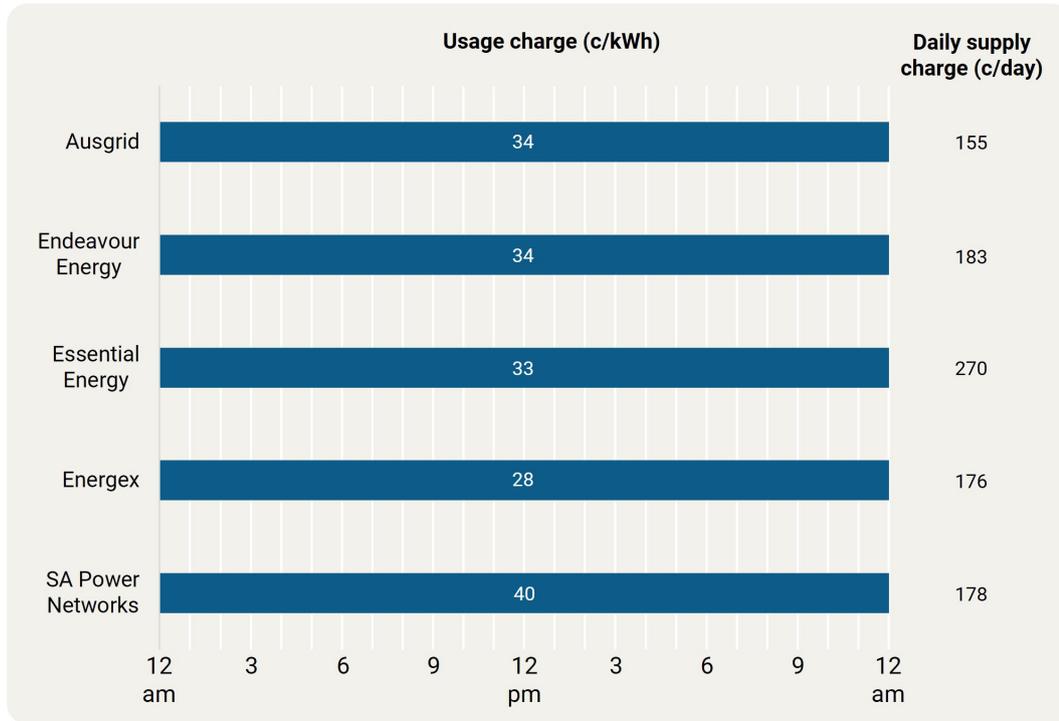
These reforms mean consumers have more transparency about the individual tariff caps so they can sit down with their energy bill and compare what tariffs they are paying against those set for the Default Market Offer.



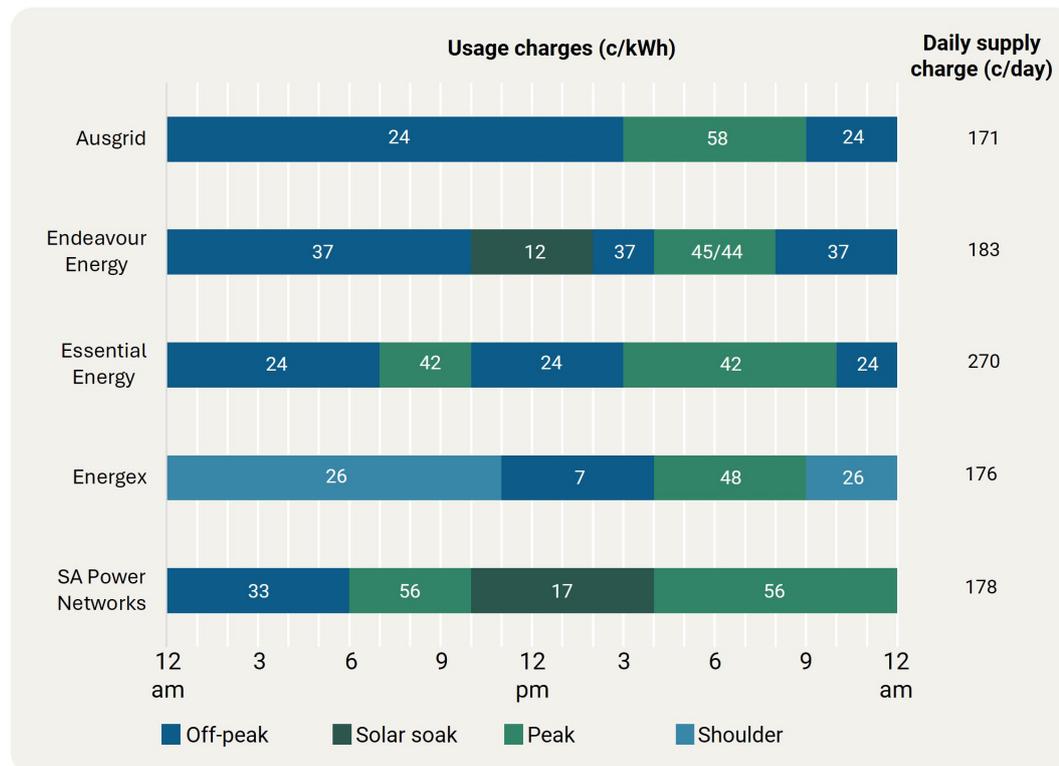
## Introduction of tariff caps

**Note:** prices are for residential customers only and are shown in cents per kilowatt hour.

### Proposed tariff caps for the flat rate DMO

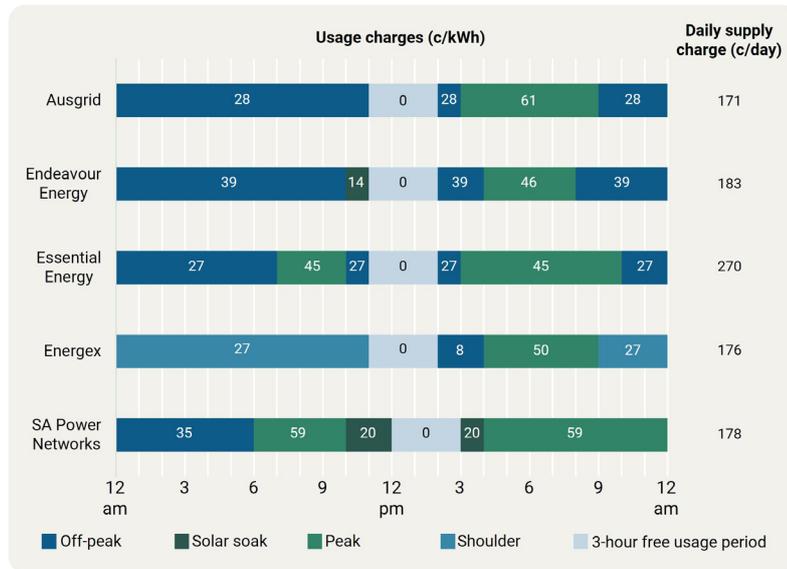


### Proposed tariff caps for the time of use DMO



In some regions, there are variations in some of these charges across the year which mirror local network tariffs. This is explained in full in the draft determination.

## Proposed tariff caps for the Solar sharer offer (same as time of use but with the free usage period incentive)



In some regions, there are variations in some of these charges across the year which mirror local network tariffs. This is explained in full in the draft determination.

## Our key message for consumers

The DMO may not be the best priced energy plan in the market. It is a safeguard for consumers who are unable, or choose not, to shop around. It also acts as a reference price with which to compare other, often cheaper plans in the market. Our key takeaway for energy consumers is always to shop around for a better energy deal. Retail data from February this year shows us that customers on the DMO could save up to 13% on their energy bills by switching to a mid-market offer in their region.

The AER offers a free and independent comparison website, Energy Made Easy, to look for cheaper deals.

Go to [www.energymadeeasy.gov.au](http://www.energymadeeasy.gov.au)



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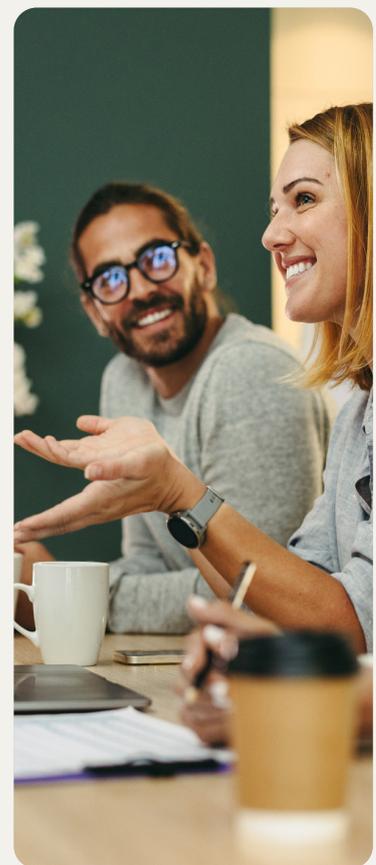


## Consultation

The AER's DMO draft determination will undergo three weeks of consultation.

Stakeholder feedback, along with updated market and network cost inputs, will be factored into the final decision which will be released no later than 26 May.

Retailers then implement the DMO on 1 July every year.



## More information

### Australian Energy Regulator

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