



Australian Government



AUSTRALIAN
ENERGY
REGULATOR

Information Kit

Default Market Offer

2026–27

MAY 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.



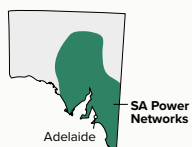
The DMO is also used as a reference price to compare against market retail energy plans throughout the year.

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 only 8% of households and only 15% of small businesses remain on it.

Standing offer customers in DMO regions

State		Residential (no. and %)	Small business (no. and %)
New South Wales		249,958 (71%)	44,551 (14.4%)
South East Queensland		158,972 (10.1%)	19,164 (16.1%)
South Australia		66,230 (7.9%)	13,367 (15.2%)
Total standing offer customers		475,160 (8.0%)	77,082 (15.0%)

Note: Maps above are for illustrative purposes only. For detail on distribution zones, visit [Who is your distributor](#).

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 DMO – for customers with a fixed daily supply charge and a single usage charge.
- A time of use DMO – 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 customers 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 tables below as ‘annual usage’).

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.



How prices compare to last year

DMO annual prices vary across the distribution zones based on the AER's final decision.

Prices for flat rate DMO customers

State	Customer type	Effect on prices	Price changes
New South Wales	Residential	Decrease	Between -3.4% (\$66) and -5.0% (\$137)
	Small business	Decrease	Between -9.0% (\$432) and -11.3% (\$705)
South East Queensland	Residential	Decrease	-7.2% (\$155)
	Small business	Decrease	-10.4% (\$445)
South Australia	Residential	Increase	+1.4% (\$33)
	Small business	Decrease	-6.8% (\$379)

Prices for time of use DMO customers

State	Customer type	Effect on prices	Price changes
New South Wales	Residential	Decrease	Between -3.7% (\$72) and -7.7% (\$211)
	Small business	Decrease	Between -9.4% (\$449) and -20.9% (\$1,303)
South East Queensland	Residential	Decrease	-10.7% (\$229)
	Small business	Decrease	-14.0% (\$601)
South Australia	Residential	Decrease	-1.1% (\$25)
	Small business	Decrease	-12.1% (\$673)

The combined range of price changes (including flat rate and time of use prices)

State	Customer type	Effect on prices	Combined range of price changes
New South Wales	Residential	Decrease	-3.4% to -7.7%
	Small business	Decrease	-9.0% to -20.9%
South East Queensland	Residential	Decrease	-7.2% to -10.7%
	Small business	Decrease	-10.4% to -14.0%
South Australia	Residential	Decrease to increase	-1.1% to +1.4%
	Small business	Decrease	-6.8% to -12.1%

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.

DMO prices for residential customers as of 1 July 2026

Distribution zone	Residential, flat rate	Residential, time of use	Solar Sharer Offer	
Ausgrid (NSW)	DMO price 2026–27	\$1,899	\$1,893	\$1,893
	For annual usage	3,900 kWh	3,900 kWh	3,900 kWh
	DMO price last year 2025–26	\$1,965	\$1,965	
	Change year-on-year (nominal)	-\$66 (-3.4%)	-\$72 (-3.7%)	
	Change year-on-year (real)	-\$160 (-8.2%)	-\$166 (-8.5%)	
Endeavour (NSW)	DMO price 2026–27	\$2,328	\$2,320	\$2,320
	For annual usage	4,900 kWh	4,900 kWh	4,900 kWh
	DMO price last year 2025–26	\$2,411	\$2,411	
	Change year-on-year (nominal)	-\$83 (-3.4%)	-\$91 (-3.8%)	
	Change year-on-year (real)	-\$199 (-8.2%)	-\$207 (-8.6%)	
Essential (NSW)	DMO price 2026–27	\$2,604	\$2,530	\$2,530
	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)	-\$137 (-5.0%)	-\$211 (-7.7%)	
	Change year-on-year (real)	-\$269 (-9.8%)	-\$343 (-12.5%)	
Energex (SE Qld)	DMO price 2026–27	\$1,988	\$1,914	\$1,914
	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)	-\$155 (-7.2%)	-\$229 (-10.7%)	
	Change year-on-year (real)	-\$258 (-12.0%)	-\$332 (-15.5%)	
SA Power Networks (SA)	DMO price 2026–27	\$2,334	\$2,276	\$2,276
	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)	+\$33 (+1.4%)	-\$25 (-1.1%)	
	Change year-on-year (real)	-\$77 (-3.4%)	-\$135 (-5.9%)	

DMO prices for small business customers as of 1 July 2026

Distribution zone	Small business, flat rate	Small business, time of use	
Ausgrid (NSW)	DMO price 2026–27	\$4,523	\$4,450
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$4,977	\$4,977
	Change year-on-year (nominal)	-\$454 (-9.1%)	-\$527 (-10.6%)
	Change year-on-year (real)	-\$693 (-13.9%)	-\$766 (-15.4%)
Endeavour (NSW)	DMO price 2026–27	\$4,343	\$4,326
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$4,775	\$4,775
	Change year-on-year (nominal)	-\$432 (-9.0%)	-\$449 (-9.4%)
	Change year-on-year (real)	-\$661 (-13.8%)	-\$678 (-14.2%)
Essential (NSW)	DMO price 2026–27	\$5,517	\$4,919
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$6,222	\$6,222
	Change year-on-year (nominal)	-\$705 (-11.3%)	-\$1,303 (-20.9%)
	Change year-on-year (real)	-\$1,004 (-16.1%)	-\$1,602 (-25.7%)
Energex (SE Qld)	DMO price 2026–27	\$3,849	\$3,693
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$4,294	\$4,294
	Change year-on-year (nominal)	-\$445 (-10.4%)	-\$601 (-14.0%)
	Change year-on-year (real)	-\$651 (-15.2%)	-\$807 (-18.8%)
SA Power Networks (SA)	DMO price 2026–27	\$5,162	\$4,868
	For annual usage	10,000 kWh	10,000 kWh
	DMO price last year 2025–26	\$5,541	\$5,541
	Change year-on-year (nominal)	-\$379 (-6.8%)	-\$673 (-12.1%)
	Change year-on-year (real)	-\$645 (-11.6%)	-\$939 (-16.9%)

What makes up the DMO?

Cost components that make up a DMO annual price	Percentage range for DMO 2026–27 (depending on region)
Wholesale – the cost to buy electricity	30%–41%
Network – the cost to transport electricity	39%–54%
Environmental – the cost to comply with government environment schemes	2%–3%
Retail – the cost to serve customers	7%–16%

What's driving the price changes?

Market drivers

- Lower wholesale electricity costs driven by falling contract prices for 2026–27.
- 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

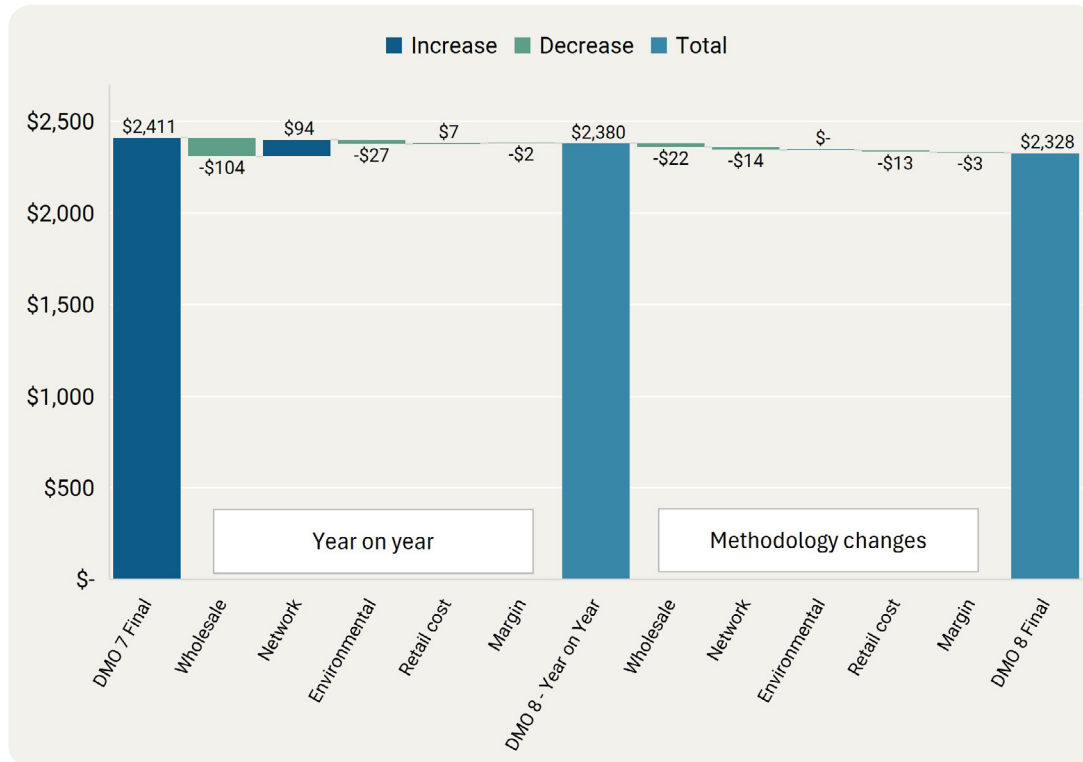
- In November 2025, the Australian Government announced reforms to enhance the DMO as a consumer safety net. These reforms set an objective for the DMO to provide a fair, trusted and reasonably priced electricity option that reflects the costs of supplying small customers with an essential service.
- 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 final determination prices.

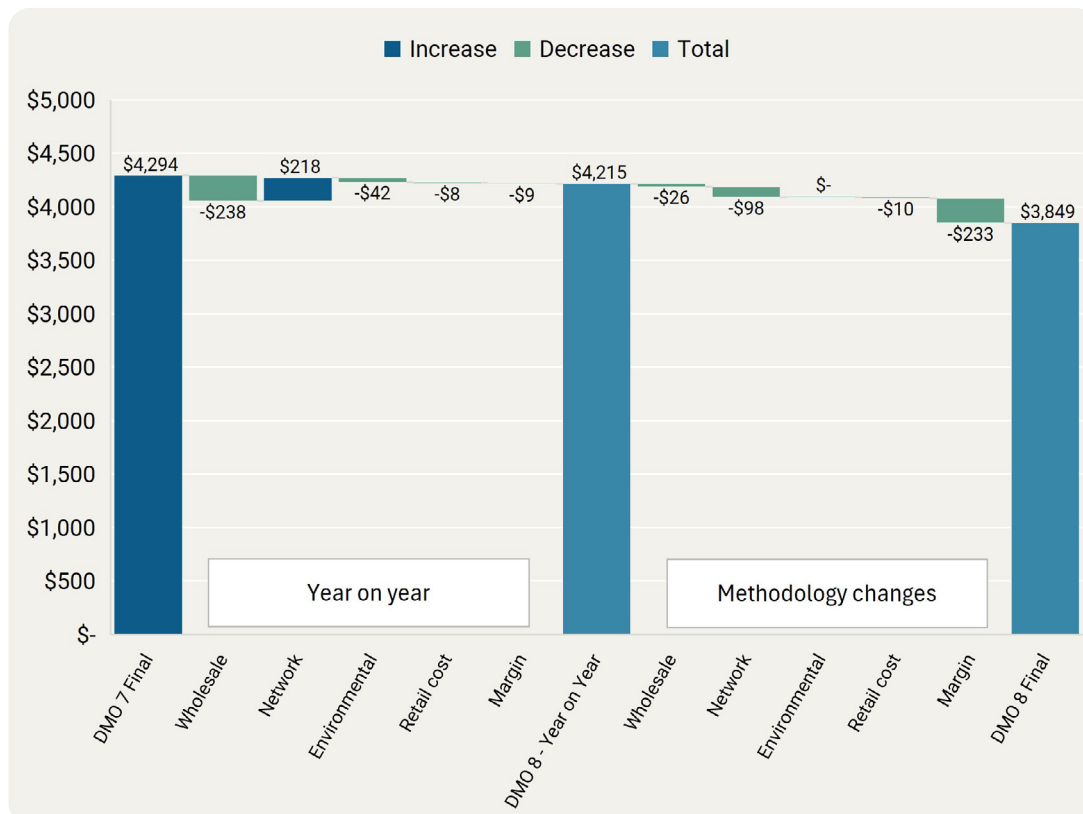


These charts show the year-on-year changes (due to underlying changes in market conditions) as well as the changes resulting from movements in the DMO methodology. We've provided two charts (Endeavour Energy – residential flat rate and Energen – small business flat rate) but all charts are available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

Endeavour Energy – residential flat rate



Energen – small business flat rate

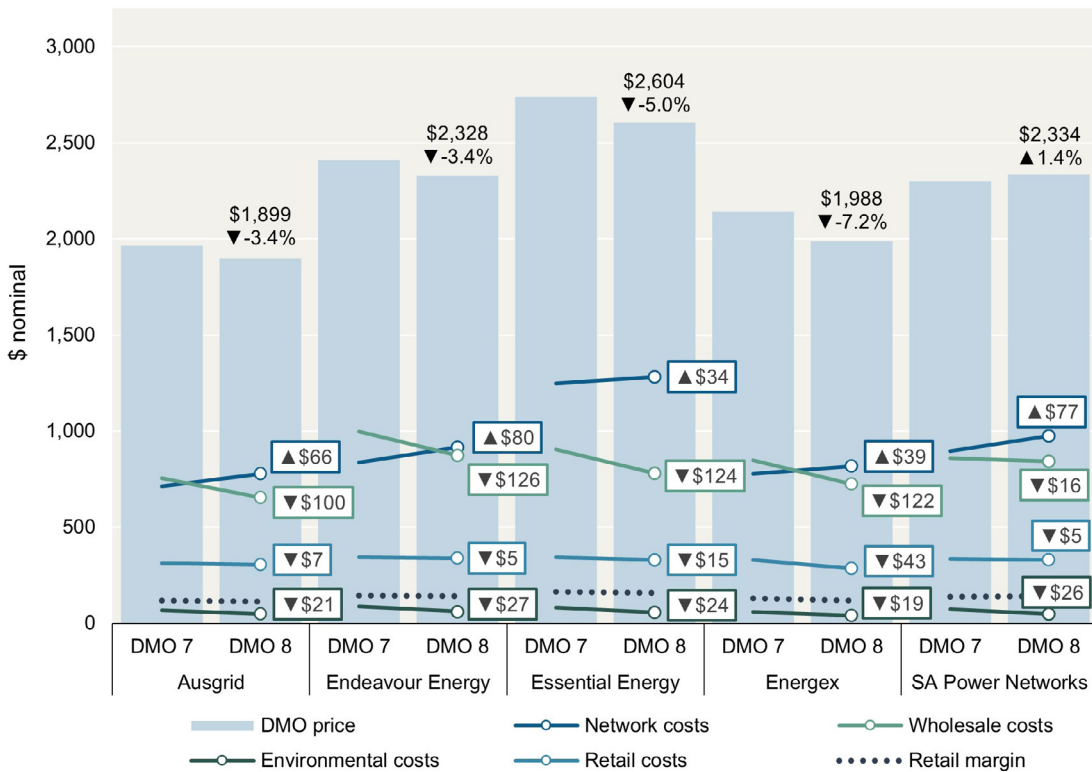


Specifically for small business, margin changes reflect the retail margin for small business being aligned with the residential margin of 6% in addition to the cumulative impacts of other methodology changes and year-on-year movements for other costs that make up the DMO.

Changes in cost components

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

Note: prices displayed are for flat rate residential customers.



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.

The free power periods:

- 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.

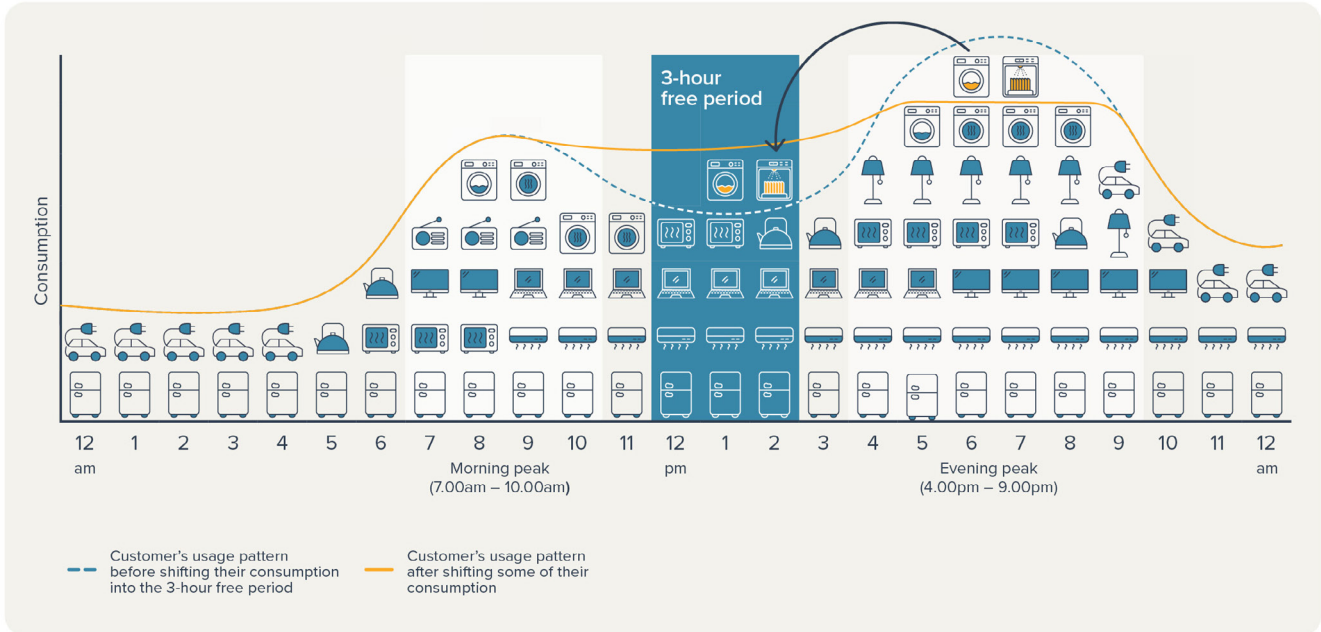
This is equivalent to roughly a day's usage for a 5-person household. As a consumer safeguard, the price of electricity over this amount and outside the free usage hours will be regulated, using the same annual price as the time of use DMO available in each distribution zone.

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

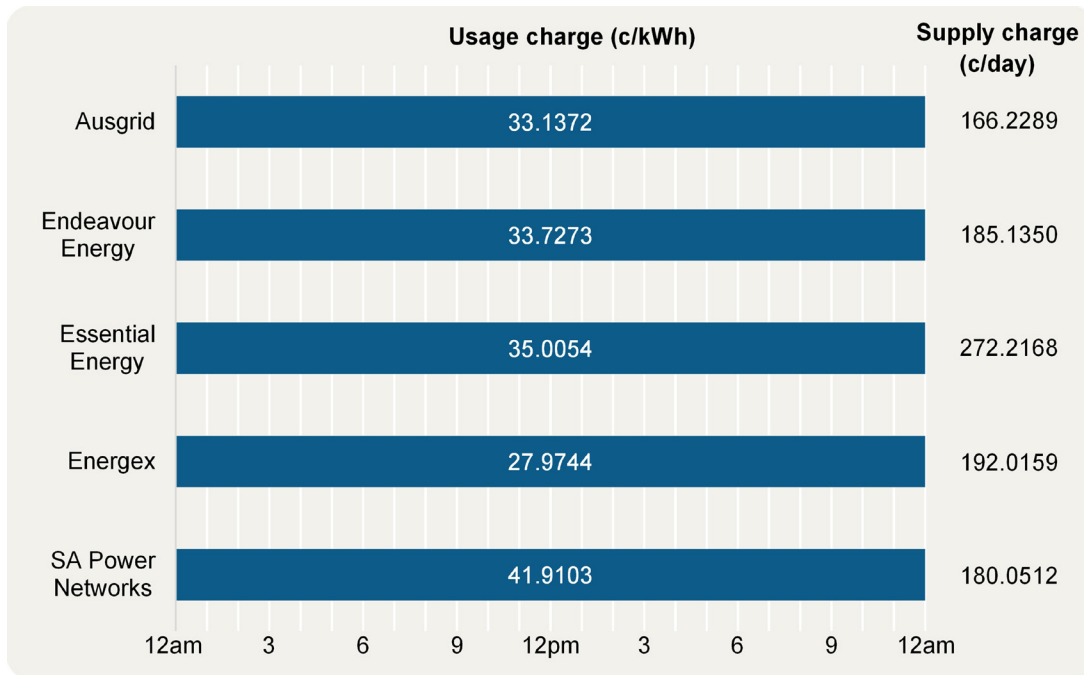
Under new regulatory reforms, the AER will now set capped prices for daily supply charge rates, and electricity usage rates (known as tariffs) in addition to a DMO annual price.

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

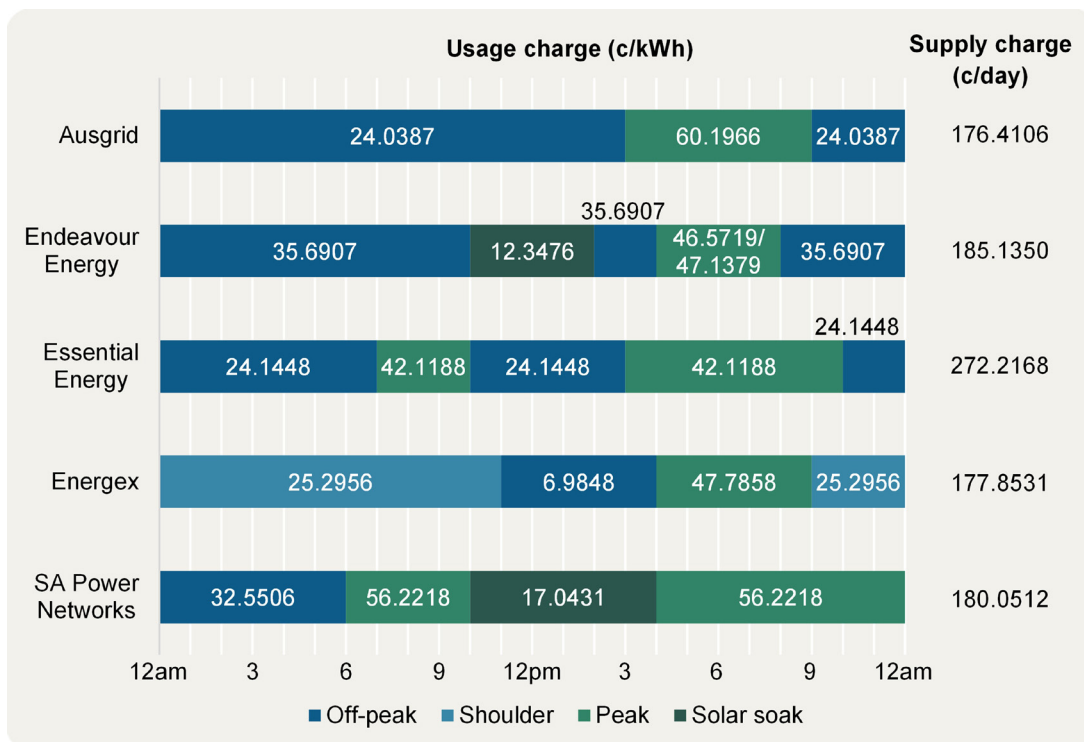
These reforms mean consumers have more transparency about the individual tariff caps so they can sit down with their energy bill and compare what tariffs they are paying against those set for the DMO.

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

Tariff caps for the flat rate DMO



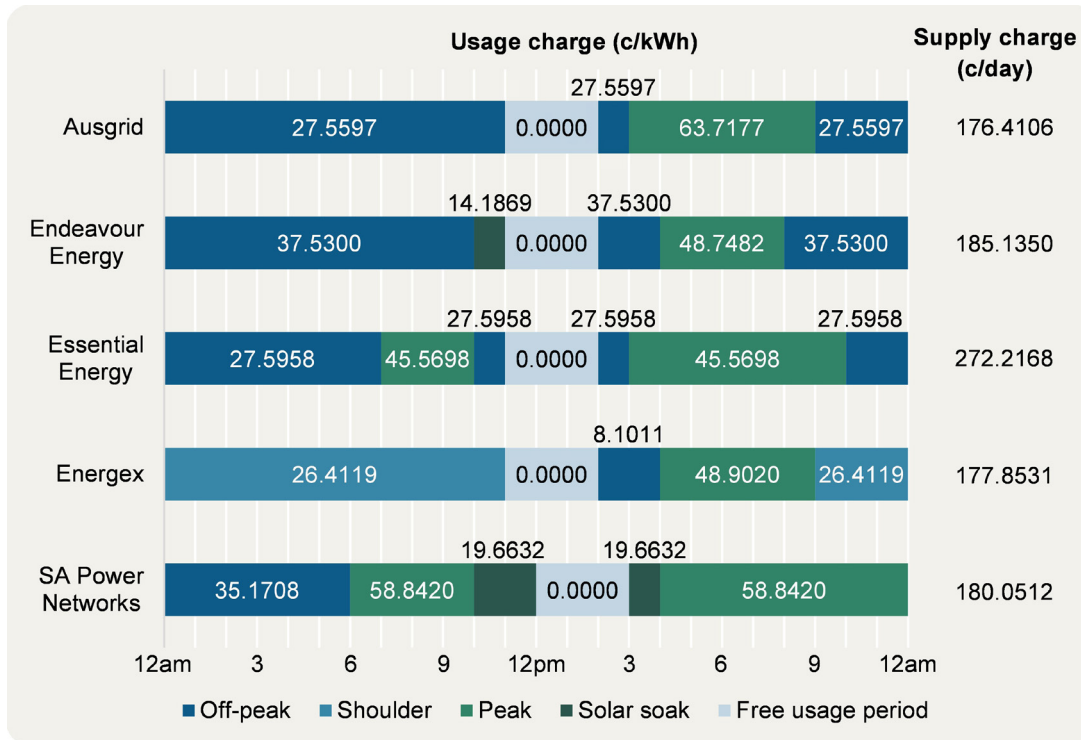
Tariff caps for the time of use DMO



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.

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.

The AER offers a free and independent comparison website, Energy Made Easy, to look for cheaper deals. Go to www.energymadeeasy.gov.au.



Australian Government



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www.aer.gov.au

www.energymadeeasy.gov.au

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