

## To the Australian Energy Regulator (AER) DMO Team,

I am writing to formally lodge my strong disagreement and provide a detailed rebuttal to the Draft Determination for the Default Market Offer (DMO) 2026-27. As a resident within the Endeavour Energy network area in Western Sydney, I contend that the proposed benchmarks and cost structures have become dangerously decoupled from the socioeconomic reality of modern Australian households.

The current regulatory framework is failing its primary objective: protecting the consumer. While wholesale generation costs have fluctuated or trended downward in specific intervals, the "retail-end" cost for the average citizen continues to escalate. This indicates a systemic failure in the transmission of cost-efficiencies from the grid to the household.

Below is a detailed breakdown of the critical issues that must be addressed:

### 1. The 4,900 kWh Benchmarking Fallacy

The AER's continued reliance on an annual representative usage of 4,900 kWh is no longer scientifically or socially valid. We are currently living through a government-mandated "electrification of everything." In Western Sydney, where gas connections are being phased out in new developments and home footprints are naturally larger to accommodate growing families, 4,900 kWh is a gross underestimation.

By basing the "reference price" on such a low figure, the AER provides a "false safety net." It masks the true cost of living for families who, by necessity, use far more power.

- **My Request:** The AER must re-calibrate the DMO benchmark to **7,000 kWh** per year. This reflects a realistic, all-electric, modern family household in 2026.

### 2. Establishing a Meaningful Affordability Target: The \$1,200 Cap

A "safety net" that is unaffordable is not a safety net; it is a regulatory ceiling for price gouging. For an essential service in an energy-rich nation, the total annual bill for a 7,000 kWh household should not exceed **\$1,200 AUD**.

Any determination that allows costs to exceed this benchmark represents a failure of the AER to balance the "reasonable profit" of retailers against the "basic survival" of the citizenry.

### 3. Corporate Profit Extraction vs. Workforce and Infrastructure Investment

There is a profound and visible disparity between the financial performance of private energy asset-holders and the value returned to the public. We have seen instances where net gross

profits for these entities have surged—sometimes by as much as 30%—yet these gains are not being felt by the two most important groups: the consumers and the workers.

- **Infrastructure Stagnation:** These record profits are not being adequately reinvested into grid resilience or modernization to lower long-term costs.
- **Wage Inequality:** If a utility provider sees a 30% increase in net profit, the specialized workers and engineers maintaining that grid should see a commensurate 30% increase in wages. Instead, we see "management of assets" being used as a shield to extract wealth while worker pay remains stagnant and infrastructure is "run-to-fail."
- **The AER's Role:** The DMO must act as a corrective mechanism to ensure that essential service assets are not misused for extreme corporate wealth extraction at the expense of the public.

#### 4. The Regressive Nature of "Aggressive" Daily Supply Charges

Australia’s daily supply charges have become some of the most aggressive in the global market, often exceeding **\$450–\$550 per year** purely for the "privilege" of being connected.

This structure is inherently regressive. It creates a "pricing floor" that punishes low-income earners and small households. Even if a family is extremely diligent in saving electricity, they are still hit with a massive fixed cost that they cannot control. The AER must prioritize **reducing the Daily Supply Charge** and shifting the weight back to usage, so that conservation actually results in lower bills.

#### 5. International Comparative Analysis

Australia is a premier global energy exporter. It is a mathematical and logical absurdity that our residents pay double or triple the rates of other major economies.

| Country   | Approx. Price (USD/kWh) | Supply Charge Context                                     |
|-----------|-------------------------|---|
| China     | ~\$0.08                 | Prioritizes manufacturing and residential stability.      |
| India     | ~\$0.08                 | Essential service model; zero/low fixed fees.             |
| USA       | ~\$0.18                 | Minimal "Customer Charges"; often \$0.30/day or less.     |
| Japan     | ~\$0.23                 | Competitive market despite resource scarcity.             |
| Australia | ~\$0.26 - \$0.39+       | <b>Aggressive fixed charges exceeding \$1.15 AUD/day.</b> |

#### 6. Thermal Comfort as a Human Right

In Western Sydney, temperatures during the summer peak regularly exceed 40°C. In 2026, air conditioning is not a luxury; it is a critical health requirement. The current DMO pricing forces a "heat or eat" choice on families. The AER must prioritize human living standards over the profit margins of private retailers.

#### Final Conclusion & Formal Request

I request that the AER significantly reduces the daily supply charges and increases the usage benchmarks in the Final Determination to meet the **\$1,200 total bill / 7,000 kWh** affordability standard.

Kind regards,

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