Default Market Offer (DMO)

Fact sheet

This fact sheet explains the DMO, including to whom it applies, how it is set and the role of the Australian Energy Regulator (AER).

The DMO and this fact sheet apply only to electricity customers who live in South East Queensland, New South Wales and South Australia.

Reforms to the DMO framework take effect from 1 July 2026. These reforms have set a new 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.

What is the DMO price?

The DMO is an efficient safety net price for standing offer customers, as well as an annual comparison price that customers can use to compare market offers.

Customers might be on a standing offer if they have:

- never switched to a retailer's market offer, or
- moved into a premises and are supplied by the existing retailer but are yet to make contact with the retailer.

The DMO protects standing offer customers in different ways depending on their tariff:

1. Regulated tariffs – A **tariff cap** price that electricity retailers can charge residential and small business customers on certain types of standing offer contracts, as well as an annual comparison price.
2. Non-regulated tariffs – An **annual electricity comparison price** that is used to cap all standing offer tariffs not covered by regulated tariffs.

The DMO sets tariff caps for the following types of regulated standing offer tariffs:

- Residential and small business customers on flat rate tariffs
- Residential and small business customers on time of use tariffs
- Residential customers with controlled load
- Residential customers with smart meters on a Solar Sharer Offer (SSO)

These tariff caps represent the maximum amount of fixed and variable charges that a standing offer customer can expect to pay for electricity.

The DMO is not a cap on customer bills. A customer's bill will depend on how much electricity they use and how their retailer has set their rates.

The DMO is also a comparison price for market offers. When advertising offers, retailers must show the price of their market offer in comparison to the DMO annual comparison price. This helps customers compare plans more easily.

The DMO Solar Sharer Offer

The DMO Solar Sharer Offer is a type of time of use standing offer that customers can choose to take up if they:

- are a residential customer
- in a DMO region (New South Wales, South Australia and South East Queensland)
- have a smart meter
- can move some of their energy usage into the 3-hour window of zero-cost electricity.

If you want to sign up to a solar sharer offer, your retailer must gain your explicit consent and provide additional information, including advice that it may not be suitable in some situations.

For more information see – The Solar Sharer Offer (SSO): What you need to know | Energy Made Easy

Is the DMO a safety net?

The DMO is an electricity price safety net for **standing offer customers**. These are often customers who cannot or do not engage in the retail electricity market, and who cannot or do not want to shop around for a better offer. The DMO aims to ensure that electricity customers have access to a fair, trusted and reasonably priced option. It also helps customers compare market offers.

The DMO is intended as a reasonably priced default option and is not meant to be the lowest priced offer in the market. Retailers compete at price points lower than the DMO so you can pay less than the DMO if you shop around for the best deal. The AER has a free and independent website, Energy Made Easy (https://www.energymadeeasy.gov.au/), where you can compare the price of offers from all retailers in your region.

Who does the DMO apply to?

The DMO applies in South East Queensland, New South Wales and South Australia.

The DMO **tariff cap** applies to **residential customers** on standing offers with:

- flat rate tariffs, where the rates are the same regardless of the time of day
- time of use tariffs (also called flexible tariffs), where the rates are different depending on the time of day (such as peak evening rates) and,
- controlled load tariffs.

The DMO **tariff cap** for regulated tariffs applies to **small business customers** on standing offers with:

- flat rate tariffs, where the rates are the same regardless of the time of day, and
- time of use tariffs (also called flexible tariffs), where the rates are different depending on the time of day (such as peak evening rates).

The DMO annual comparison price for non-regulated tariffs applies to **residential and small business customers** on a standing offer not listed above.

What is the AER's role?

The AER is required to set the DMO price annually for each distribution region, for each of the above customer types and tariff types in South East Queensland, New South Wales and South Australia.

The DMO final price determination is made during May each year and applies from 1 July that year to 30 June of the following year. Before making that final determination, the AER publishes a draft determination setting out its proposed approach and draft prices for that upcoming DMO year. Each year the draft determination is subject to public consultation and stakeholder feedback.

From 1 December 2026, the AER will also publish DMO Guidelines that provide guidance on the approach to setting the DMO overall.

How does the AER set the DMO?

When setting the DMO price, the AER must have regard to the objective of providing small customers on standing offers with a fair, trusted and reasonably priced electricity option that reflects the costs of supplying customers with an essential service. The AER must also consider:

- the efficient costs of supplying electricity in the distribution region to small customers on standing offers
- the types of small customers on standing offers to whom electricity is supplied in the distribution region
- the long-term interest of consumers
- any other matters it considers relevant.

The AER also considers the various costs retailers face in supplying electricity to customers. These are:

- the cost to buy electricity from the wholesale market (wholesale electricity costs)
- the cost to transport electricity to customers through the network (network costs)
- the cost to comply with government environment schemes (environmental costs)
- the efficient costs to serve customers and modest costs to acquire and retain customers (retail costs and retail margin).

Find out more about the DMO

You can find out more about the DMO on our website at:
https://www.aer.gov.au/industry/retail/default-market-offer

Contact us

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