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Our Ref: 64687
Contact Officer: Arek Gulbenkoglou
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31 March 2020

Dear Stakeholder,

Under the *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* (the Regulations), the AER is required to publish the Default Market Offer (DMO) Determination by 1 May 2020. The DMO Determination would be in place from 1 July 2020 to 30 June 2021.

The AER has consulted extensively with stakeholders on the DMO determination for 2020-21, including the publication of a Position Paper and Draft Determination.

The recent COVID-19 developments will have an impact on all energy consumers and the operation of energy retailers, as recognised in the AER's Statement of Expectations of energy businesses issued on 27 March 2020. I would like to extend an opportunity for you to provide the AER with your views on what impacts, if any, will arise from COVID-19 that the AER should consider in making its DMO Determination for 2020-21. In doing so, I would refer you to the matters under section 16(4) of the Regulations that the AER must have regard to in determining DMO prices. These matters include:

- the prices electricity retailers charge for supplying electricity in the region to that type of small customer
- the principle that an electricity retailer should be able to make a reasonable profit in relation to supplying electricity in the region
- the wholesale costs, network costs and cost to serve for small customers in the region
- the cost of complying with the laws of the Commonwealth and the relevant State or Territory in relation to supplying electricity in the region
- any other matter the AER considers relevant.

I acknowledge that the scope and scale of COVID-19 impacts are uncertain and may be difficult to quantify at this stage. Given the circumstances, I am providing an opportunity for further comment, however appreciate that many stakeholders may not be in position to provide detailed responses at this time. I am also mindful of the time and resource pressures that all stakeholders are currently facing, but note the AER is unable to delay its decision beyond the 1 May timeframe under the Regulations if the DMO is to apply for 2020-21.

I request that submissions are provided by COB 9 April 2020 in order for the AER to meet its legislative deadline under the Regulations.

Submissions should be sent to: DMO@aer.gov.au

Alternatively, submissions can be sent to:

Mark Feather
General Manager, Policy and Performance
Australian Energy Regulator
GPO Box 520 Melbourne VIC 3001

The AER's preference is that all views and comments be publicly available to facilitate an informed and transparent consultative process. Views and comments will be treated as public documents unless otherwise requested.

If you would like to discuss any of the issues in this letter please contact Mark Feather, General Manager, Policy and Performance on (03) 9290 6958 in the first instance.

Yours sincerely

A handwritten signature in grey ink, appearing to read 'Clare Savage', with a large, stylized 'S' and a long, sweeping tail.

Clare Savage

Chair

Australian Energy Regulator

Sent by email on: 01.04.2020