

17th October 2017

Ms Sarah Proudfoot
General Manager Retail Markets
Australian Energy Regulator

RE: Discover Energy Pty Ltd (ABN 20 619 204 750) - application for an electricity retailer authorisation.

Dear Sarah

I would like to make this submission in respect to the Discover Energy application for an electricity retailer authorisation. Discover Energy Pty Ltd has lodged an application for an electricity retailer authorisation in all the states that have adopted the National Energy Consumer Framework. Discover Energy Pty Ltd will target consumers that will be predominantly residential, with a small number of commercial/retail customers. There will be a mixture of customers who both own and are renting but will depend on a high feed in tariff and quoting the application - *using a generous feed in tariff, solar and storage options (where appropriate) for their household*. An opinion on the market and why this application should be rejected as history reflects that the suggested model has a very high chance of failure.

The high feed in tariff for solar rebate business models has a history of failure. Companies that have failed in the past include - Urth Energy and Go Energy, where both companies had to be suspended from the National Electricity Market (NEM) by the Australian Energy Market Operator (AEMO) for failing to comply with AEMO requirements. These company models all depend on a high feed in tariff for their solar business model, they all end up with many customers that they will let down. Households that have solar installed provide the lowest margin for retailers. There are better ways to reduce costs for consumers whilst having a robust business model. Large energy retailers at present have increased their feed in tariff from 10.6 cents to 15 cents and hve done so since 1st July 2017, even over the cost of the wholesale price. There is no chance for Discovery Energy Pty Ltd to play with feed in tariff model that will compete against the likes of AGL and Energy Australia. Discovery Energy Pty Ltd and the business model that focuses on this target consumer will only end in failure and another National Electricity Market participant failing to comply with AEMO requirements.

Regards

Matthew Stanley