

14 April 2020

Mark Feather
General Manager, Policy and Performance
Australian Energy Regulator
By email: DMO@aer.gov.au

Energy Consumers Australia submission on the impacts of COVID-19 on the DMO2

Dear Mark,

Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the Council of Australian Governments (COAG) Energy Council in 2015, our objective is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply.

We appreciate the opportunity to make a submission on the Australian Energy Regulator's (AER) Default Market Offer Price 2020-21 Draft Determination relating to the impacts of the current COVID-19 developments. This submission builds on our earlier contribution to the process in March.¹

Australians are grappling with an extraordinary set of health, social and economic challenges. Many households have been hit by job losses and small businesses have had to close their doors. We expect that hundreds of thousands of energy consumers will need support to ensure they can continue to access essential energy services. With winter approaching, uninterrupted access to energy will become even more important for the health and wellbeing of people who are staying at home and following social distancing advice.

In this context, the role of the Default Market Offer (DMO) as the safety net price is more important than ever. It is critical that the updated DMO settings help lock in the downward trend in electricity prices and help ease the pressure on households and small businesses. We have not seen any evidence to suggest that the COVID-19 crisis should change the longer-term direction of travel for electricity bills, which is down. In the shorter term, for the 2020-21 period, our view is that potentially temporary impacts on supply chain costs should be dealt with through separate mechanisms, external to the DMO.

The package announced by Energy Networks Australia is a significant and relevant development because it included measures to defer and absorb costs for small businesses and households under stress. Network costs make up a significant proportion of consumer bills and reducing it for people in need creates space for small and large retailers to offer support without compromising their financial sustainability.

If you have any questions about our comments in this submission, or require further detail, please contact Jacqueline Crawshaw, Associate Director, by phone on 02 9220 5520 or by email at jacqueline.crawshaw@energyconsumersaustralia.com.au.

Yours sincerely,

Lynne Gallagher
CEO (interim)
Energy Consumers Australia

¹ <https://www.aer.gov.au/system/files/ECA%20-%20DMO%20%20Draft%20Determination%20submission%20-%2013%20March%202020.pdf>