Energy Consumers Australia

Default Market Offer Draft Determination Forum

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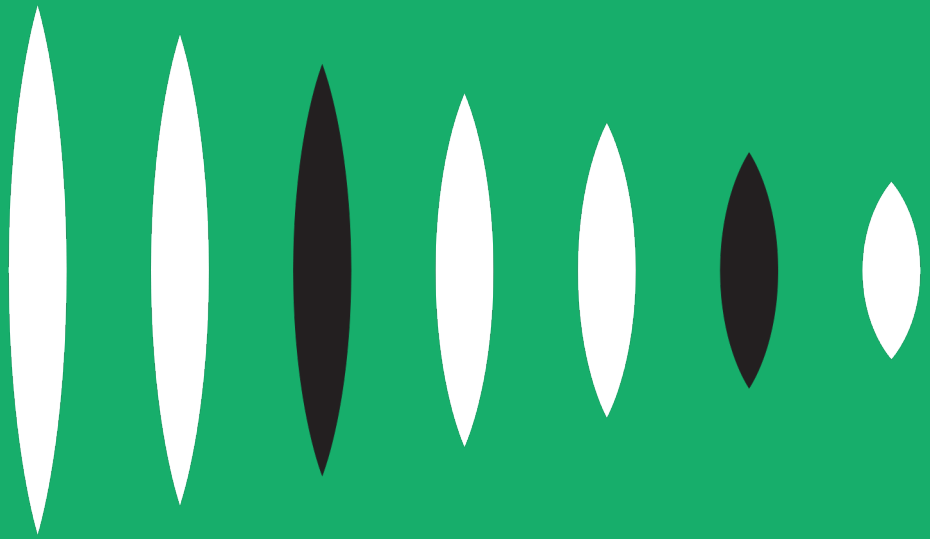


ENERGY CONSUMERS AUSTRALIA

The DMO has three objectives:

reduce unjustifiably high standing offer prices and continue to **protect consumers from unreasonable prices**

allow retailers to **recover their efficient costs of providing services**, including a reasonable retail margin and costs associated with customer acquisition and retention

maintain incentives for competition, innovation and investment by retailers, and incentives for **consumers to engage** in the market

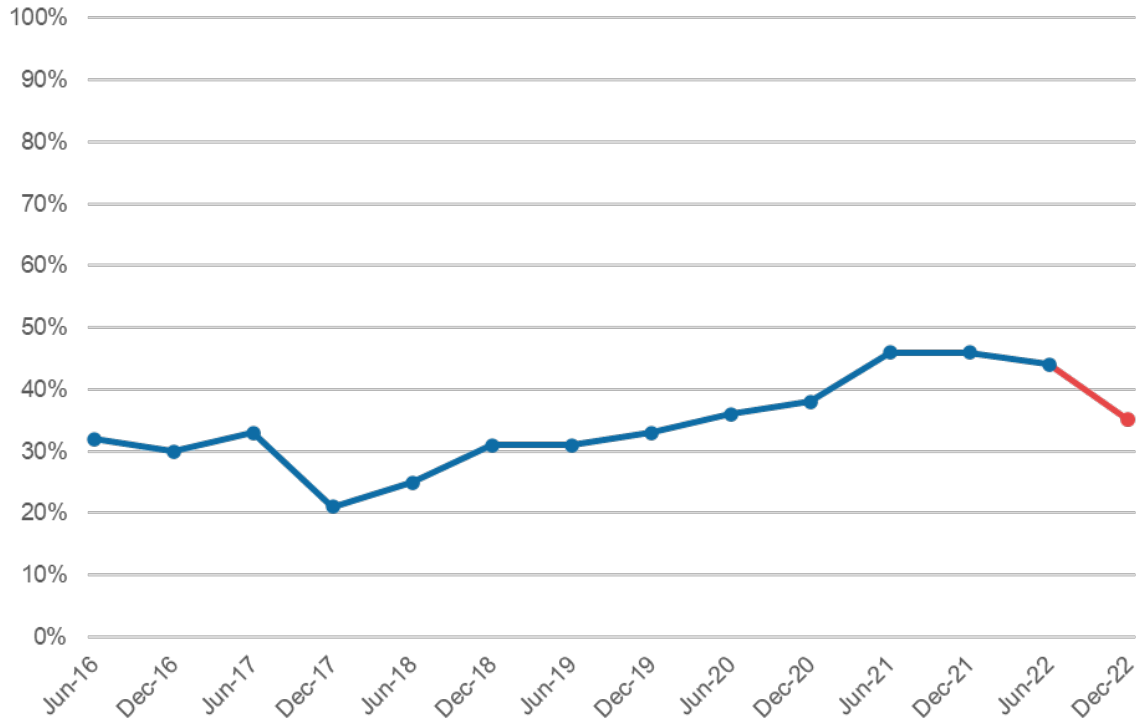
Consumers are already worried about affordability

52%
rank electricity as one of their top 3 bills of concern

52%
Are concerned energy will become unaffordable for them in the next 3 years

73%
Are concerned energy will become unaffordable for some Australians in the next 3 years

Consumer trust is decreasing



Percentage of residential respondents in our Energy Consumer Sentiment Survey who responded they were positive that **the energy market is working in their long-term interests**

‘Shopping around’ isn’t an option for everyone

40 - 45%
Unable to select the cheapest offer when presented with three options

44%
Have literacy levels that are considered to be below what is required to fully participate in society

AER Towards Energy Equity Strategy and Draft Consumer Vulnerability Strategy

“At the moment I think the energy market is driven by greed. Gone are the days that if you stayed with a company you would get a loyalty discount. Unfortunately now us as the consumer need to be constantly on the ball trying to chase a better deal. This is what the company’s count on, people being too lazy to check.” - Male, 40-49, general public

We maintain that the retail margin is too high

Residential	Small Business
10%	15%

Our thoughts on the DMO 5

- The DMO must remain focused on its function as a consumer protections tool
- We support the AER's methodology for calculating wholesale costs
- We believe the retail margin is unjustifiably high
- We don't believe there should be a separate retail margin for small business and residential consumers