

20 March 2019

Mark Feather
General Manager, Policy and Performance
Australian Energy Regulator
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Submission to the Draft Determination Default Market Offer Price

Dear Mr Feather,

Energy Networks Australia welcomes the opportunity to provide a submission to the Australian Energy Regulator's (AER) Draft Determination regarding a Default Market Offer Price.

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

ENA supports the timely implementation of pro-competitive reforms to existing standing offer arrangements that provide clarity and better choice to customers.

The network sector would also like to emphasise the importance of network tariff reform in relation to setting a default market offer.

Cost-reflective network tariffs send price signals to encourage the efficient use of energy. Whilst we understand there is a necessary trade-off between simplicity, which the default market offer aims to achieve, and efficient price signals which are beneficial to the energy system as a whole, it is important that the default market offer retains the capability for cost-reflective tariffs to be implemented for the network component of the offer.

The ACCC echoed this sentiment in recommendation 14 of its Retail Electricity Pricing Inquiry, advocating for accelerated take up of cost-reflective network pricing and going as far as recommending mandatory cost-reflective network tariffs for retailers.

Implementing cost-reflective network tariffs also clearly strengthens retailers' incentive to innovate in the competitive market and offer customers plans (likely paired to smart load management technology) which deliver cheaper system costs while meeting customer preferences. This approach will ensure all customers receive the benefits of cost-reflective network tariffs.

We look forward to continuing our engagement with the AER in respect of this matter.

Please contact Garth Crawford, General Manager Economic Regulation on 02 6272 1507 or gcrawford@energynetworks.com.au if you would like further information.

Yours sincerely,



Andrew Dillon
CEO