

Submissions delivered electronically to DMO@aer.gov.au

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30 November 2022

AER - Default market offer Price determination 2023-24 issues paper

To Gavin,

Thank you for providing stakeholders the opportunity to review and respond to the AER Default market offer - Price determination 2023-24 issues paper. As a service provider within the embedded network sector, our response will be focused as such.

Energy Intelligence supports the AER extending the DMO pricing protections to all consumers in embedded networks and agree that the current DMO customer types are sufficient. It is already a condition that exempt sellers must not charge consumers more than the standing offer imposed by the local area retailer. The DMO is usually adopted as the standing offer by the local area retailer. Formalising this will reduce any ambiguity.

Embedded Network consumers that wish to exercise their power of choice can only access “energy only” offers. The DMO is not an “energy only” offer but a bundled rate. There is however still a **lack of retail competition** that needs to be addressed. The POC regime introduced at the end of 2017 enforced NEM metering standards and introduced new market participant roles to assist tenants to access their choice. In July, the AER issued factsheets to assist consumers further. However, consumers are still faced with the same barrier, *lack of retail competition* either due to retailer choice, lack of retailer knowledge and training or system limitation. We would like to see further pressure placed on retailers to offer ‘energy only’ offers or explore ease of use options for exempt sellers to recover network costs directly from the retailer that isn’t cost prohibitive or operationally tedious. Retailers would then be able to offer DMO or other bundled market offers without the risk of double charging the network cost.

Ausgrid’s Draft Plan 2024 – 2029

We like to express **our concern regarding Ausgrid’s Draft Plan 2024 – 2029**. The DMO is based on traditional network tariffs however Ausgrid is proposing to introduce three new Embedded Network Tariffs which will see an estimated 30% increase in network charges which will not be factored into the DMO price modelling. This will have a negative impact on consumer groups, and places increasing pressure on energy affordability as

- embedded network operators would not be able to offer competitive offers as the cost to serve increases
- outgoing building cost will increase considerable as they are pass-through to tenants
- land lease residential parks are severely disadvantaged as electricity costs are pass-through which will see vulnerable consumers hurt the most as they are not classified as a DMO customer type
- embedded networks are dismantled and the cost for consumers to access a retailer may be at substantial cost
- ROLR scheme for embedded networks are not yet in place as exempt sellers are at an increasing risk of becoming insolvent

If you have any further queries or would like to discuss our submission in greater detail, please feel free to contact myself or Mussan. Energy Intelligence would be available to assist in providing any supporting data and insights in an embedded network aspect.

About Energy Intelligence

Energy Intelligence is an energy consultancy providing advisory services to clients within the embedded sector. We offer complete embedded network solutions specifically designed for our clients who own embedded sites often supplied by traditional and renewable-based generation across the states.

Our compliance principle is to pursue best practice regardless of the minimum requirements of the jurisdiction and is evident in the embedded networks we manage.

Yours sincerely,



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