
Submission on COVID-19 implications for DMO

Introduction

Vocus Group Limited (Vocus) is Australia's specialist fibre and network solutions provider. Vocus owns a portfolio of well-recognised brands catering to enterprise, government, wholesale, small business and residential customers across Australia and New Zealand. In Australia, Vocus owns an energy retailer, trading as Dodo Power & Gas and Commander Power & Gas.

The Australian Energy Regulator (AER) has sought stakeholder views on the COVID-19 impacts it should consider in making the Default Market Offer (DMO) determination for 2020-21.

Impact of COVID-19

Vocus submits that the impacts that will arise from the COVID-19 pandemic that the AER should consider in making its DMO Determination include:

- the significant operational impact on resources resulting from the COVID-19 pandemic and therefore retailer's ability to comply with the DMO price changes by 1 July;
- the recent changes in practices from both retailers and distributors to support customers facing financial difficulty in these unprecedented times, (which has put further strain on non-tier 1 retailers' limited resources).

Retain DMO price

We recognise that the AER is required to publish its decision on the DMO Determination by 1 May 2020.

In this unprecedented situation, where we are working in a rapidly changing environment, we submit that the AER should adopt a flexible approach and keep the DMO prices at the same level as 2019-2020.

The approach in the Draft Determination was to adjust the 2019-2020 DMO prices to reflect forecast changes in wholesale, environmental and network costs. The price changes proposed in the draft determination are modest. In these circumstances, it is preferable for retailers to prioritise their efforts on supporting their customers.

Not making any change to the DMO prices would alleviate the considerable cost and operational burden faced by non-tier 1 retailers in complying with the DMO Determination by 1 July 2020. Smaller retailers do not have the same scale to absorb the compliance burden of regulatory change. In this context, the AER should be mindful of the benefits that flow to consumers when challenger brands can continue to operate. Vocus is under significant resource pressure due to the COVID-19 pandemic. Our focus is on ensuring we put our customers first and continue to meet community expectations.

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