

DMO Electricity price safety net

What is the Default Market Offer (DMO) price?

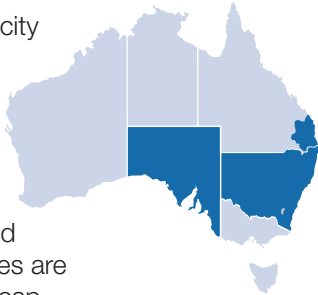
The DMO is an electricity price safety net that protects consumers from unjustifiably high prices. It is the maximum price an electricity company can charge customers on standard retail plans. It is set each year and won't change during that year. The DMO is not a "best offer" price and it may not be the best offer in your area. Electricity companies must compare their offers to the DMO price in their advertising so you can see how good their deal is.

Who does the DMO apply to?

Residential and business electricity consumers in NSW, SA and south-east QLD.

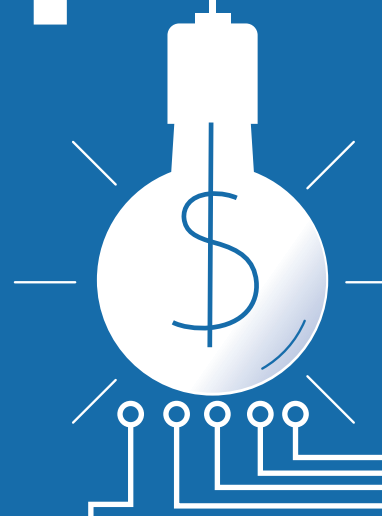
Most consumers in these areas have shopped around for offers with different prices.

Around **10%** of households and around **18%** of small businesses are on plans where the DMO price cap directly applies.



What does it mean for you?

A new DMO price comes automatically into effect on **1 July** each year and retailers adjust their offers. This may mean the price you pay changes.



How is it determined?

A number of factors influence the DMO price such as the cost retailers pay generators for electricity and to have it transported to Australian homes and businesses along poles and wires. The cost of complying with Government environmental schemes and the cost to serve customers and make competitive offers are also taken into account. When input costs are higher the DMO price may increase.



What do you need to do?

If you are concerned about the price you're paying for electricity, there may be a better offer out there.



1. Find out what plan you're on

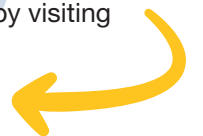


2. Contact your electricity company and ask if they have a better offer



3. Compare energy plans from different electricity companies by visiting

www.energymadeeasy.gov.au



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The new DMO price comes automatically into effect on 1 July, 2023



Electricity price drivers

The increase in the DMO price, compared to the previous DMO, is driven by several factors:



Increased wholesale costs as a result of:

- the more expensive electricity futures contracts that were traded before the temporary price caps came into place
- relatively stronger coal and gas costs compared with previous years
- reliability issues with coal-fired generation assets
- the closure of the Liddell Power Station in NSW in April 2023
- the increasingly peaky shape of customer demand.



Changes in annual network costs, caused predominantly by higher than forecast inflation but also new and higher jurisdictional scheme costs and previously under-recovered distribution revenues in some regions.



A more representative sample of retail data reveals an increase in bad and doubtful debt costs for small business customers, leading to higher costs across all customer groups.

In some cases, cost inputs have fallen or remained stable:



Environment costs have decreased across all regions.



The retail allowance for NSW has been adjusted to account for changes in the underlying cost stack that meant that residential customers in NSW would be paying materially more in dollar terms than customers in other regions. The allowance strikes a balance between ensuring consumers don't pay more than they need to, and allowing retailers to make competitive offers.

AER final DMO prices – 1 July 2023 (includes change year-on-year)

Distribution zone	Residential without Controlled Load*	Residential with Controlled Load	Small business without Controlled Load
Ausgrid (NSW)	\$1,827 (3,911 kWh) +\$315 (20.8%)	\$2,562 (Flat rate 4,813 kWh + CL 2,005 kWh) +\$440 (20.7%)	\$4,999 (10,027 kWh) +\$639 (14.7%)
Endeavour (NSW)	\$2,228 (4,913 kWh) +\$392 (21.4%)	\$2,977 (Flat rate 5,214 kWh + CL 2,206 kWh) +\$594 (24.9%)	\$4,598 (10,027 kWh) +\$816 (21.6%)
Essential (NSW)	\$2,527 (4,613 kWh) +\$435 (20.8%)	\$2,977 (Flat rate 4,613 kWh + CL 2,005 kWh) +\$487 (19.6%)	\$5,761 (10,027 kWh) +\$860 (17.5%)
Energex (SE QLD)	\$1,969 (4,613 kWh) +\$349 (21.5%)	\$2,363 (Flat rate 4,412 kWh + CL 1,905 kWh) +\$402 (20.5%)	\$4,202 (10,027 kWh) +\$756 (21.9%)
SAPN (SA)	\$2,279 (4,011 kWh) +\$439 (23.9%)	\$2,787 (Flat rate 4,212 kWh + CL 1,805 kWh) +\$512 (22.5%)	\$5,849 (10,027 kWh) +\$1,310 (28.9%)

* CL or Controlled Load: these are separately metered tariffs used for appliances such as electric hot water storage systems, pool pumps or underfloor heating.