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Retail Market Policy team
Department of Climate Change, Energy, the Environment and Water

Via email: DMOReforms@dcceew.gov.au

2025 Reforms to the Default Market Offer (DMO) Consultation paper

Thank you for the opportunity to comment on this consultation paper.

The comments contained in this submission reflect the feedback of the Energy & Water Ombudsman NSW (EWON), Energy & Water Ombudsman South Australia (EWOSA), and Energy and Water Ombudsman Queensland (EWOQ). We are the industry-based external dispute resolution schemes for the energy and water industries in New South Wales, South Australia, and Queensland. We have collectively reviewed the consultation paper and we have only responded to those questions that align with issues customers raise, or with each respective organisation's operations as they relate to the consultation paper.

We welcome the review's consideration of potential reforms to the DMO framework to improve the policy articulation and function of this crucial consumer safeguard.

5.3 The form of the DMO: tariff or price cap

13. Should the DMO be expressed as a tariff or annual price cap if its application is extended to additional tariff types not currently considered within the DMO framework?

A tariff based DMO has the potential to be simpler to understand and support more intuitive market comparisons for consumers. However, this will need detailed consultation with retailers and the AER, which has undertaken extensive behavioural research for its Better Billing Guideline. EWOs do not have a large volume of complaints about how the DMO is represented as an annual amount.

A tariff based DMO would also align with the Victorian Default Offer (VDO) which could potentially reduce retailer costs overall, and these costs may not be passed on the consumers. Again, detailed consultation with retailers would be needed on this issue.

3.3 Previous reviews of the Retail Electricity Code

We note the comment from the consultation paper that the review will also provide an opportunity to finalise outstanding outcomes from the post-implementation review, including extending price cap protections provided by the DMO to customers in embedded networks.

EWOs strongly supports extending the operation of the *Competition and Consumer (Industry Code – Electricity Retail) Regulations 2019* (the Code) to embedded network customers who are on-sold electricity by authorised retailers but do not have the option of changing retailers in order to get a better price or more suitable energy contract.

The Australian Competition and Consumer Commission's (ACCC) June 2024 report from its Inquiry into the National Electricity Market examined the billing outcomes for regular customers and a subset of embedded network customers that purchase electricity from authorised retailers.¹ The report revealed that some embedded network customers generally pay lower bills and effective prices than regular customers. However, the report did not consider:

- the billing outcomes for embedded networks customers served by exempt sellers, or
- the total energy billing outcomes for embedded network customers that are billed by their retailer for services other than electricity (including hot water and air conditioning).

Independent Pricing and Regulatory Tribunal New South Wales (IPART NSW) has undertaken another detailed analysis of pricing in embedded networks which takes into account billing by exempt entities and the cost of other services such as centralised hot water services and air conditioning.²

If you require any further information regarding our submission, please contact Dr Rory Campbell, Manager Policy & Systemic Issues (EWON) on 02 8218 5266, Mr Antony Clarke, Policy and Governance Lead (EWOSA) on 08 8216 1861, or Mr Jeremy Inglis, Manager Policy and Research (EWOQ) on 07 3212 0630.

Yours sincerely



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¹ ACCC, Inquiry into the National Electricity Market, 3 June 2024, p67

² IPART, The future of embedded networks in NSW, April 2024