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## 2025 Reforms to the Default Market Offer

Thank you for the opportunity to make a submission on potential reforms to the electricity Default Market Offer (DMO).

National Seniors Australia (NSA) is the leading advocacy organisation for older Australians. Through our research and advocacy activities, NSA works to improve the wellbeing of all older Australians, including pensioners, part-pensioners, self-funded retirees, veterans, and carers.

National Seniors Australia advocated for the introduction of a default price of electricity before the Default Market Offer (DMO) was introduced in 2019. We did so because we were concerned that many older consumers were not able to “shop around” or found comparing retail offers difficult, leading to people paying more than they should for energy. We were also concerned about older people being automatically placed on unfair or expensive electricity rates when market contracts expired.

**We continue to be concerned that the interests of consumers are not being adequately protected at a time that rising electricity prices are contributing to cost-of-living pressures. We have most recently raised concerns about the transition to smart meters and the complex time-of-use and demand tariffs this technology enables.**

Our main recommendations in this regard are that:

- Demand tariffs are too complicated, are punitive when behaviour cannot be changed and therefore have no place at the retail level in the electricity market.<sup>1</sup>
- Flat tariffs should be the default and consumers should have an ongoing right to select a flat tariff if they are not able to manage cost-reflective tariffs.<sup>2</sup>

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<sup>1</sup> [NSA-AER-Energex-Determination-2025-30.pdf](#)

<sup>2</sup> [NSA-AEMC-directions-paper-smart-meter-protections.pdf](#)

- It is not appropriate to engage in a costly accelerated rollout of smart meters to all households without adequate protections, when take up of cost-reflective tariffs in jurisdictions already subject to a full roll out (such as Victoria) are low. This will only lead to bill shock at a time that households are experiencing cost-of-living pressures.<sup>3</sup>

The electricity market is confusing and the use of competition and choice for an essential service has little benefit for most households who do not have the means to easily understand the difference or implications of complex energy offers, especially when complex cost-reflective tariffs are applied.

This faux competition is not in the interests of consumers and worse, increases the cost of supplying electricity to households as it adds significantly to marketing and compliance costs.

It is vital that the DMO remains to protect consumers who are unable and unwilling to “shop around” for electricity but more needs to be done to ensure that customers know what the DMO is and can use it to compare with market offers when searching for offers on the EnergyMadeEasy website.

Responses to specific questions raised in the consultation paper are attached.

Yours Sincerely



Chris Grice  
Chief Executive Officer

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<sup>3</sup> [2024-NSA-Accelerated-Smart-Meter-Deployment.pdf](#)

## **DMO objectives**

### ***1. How can the DMO framework policy objectives be amended to adopt a greater emphasis on protections for disengaged customers in competitive retail markets?***

We note that of the three key DMO policy objectives, only one is focussed on the interests of consumers: to protect customers. The other two are to allow retailers to recover efficient costs and to maintain incentives for competition, innovation and investment by retailers.

NSA suggests that if the purpose of the DMO is to protect customers then the key policy objectives should reflect this and be less focussed on the interests of retailers.

### ***2. Does the DMO framework remain fit-for-purpose noting the rationale for its introduction in 2019 was to address specific concerns regarding the discounting behaviour by retailers identified in the ACCC's REPI report?***

While the need for a response to the specific actions of retailers in 2019 may have reduced, the core objective of protecting vulnerable and disengaged consumers remains.

However, there are larger concerns about the proliferation of retailers and plans causing consumers significant confusion, which is not addressed by the DMO. We do not support the proliferation of faux competition in the market as being in any way in the interest of consumers. Most consumers are time poor, they do not have the means to manage complex tariff arrangements or to change their behaviour to meet them and should not be subject to plans with proliferations of fees and charges. Comparing hundreds of plans is impossible and we would like to see restrictions on the number of offers available in the market as this competition does not place downward pressure on prices but merely moves customers around in the retail market.

The DMO does nothing to protect against predatory behaviour of retailers, using obfuscation and complexity to encourage consumers to switch to build volume.

While the concept is worthy the application of the DMO in practice is poor.

### ***3. How successfully does the DMO framework achieve its objective in being a reference price to allow customers to compare market offers? Are there any issues preventing the DMO in achieving this objective?***

The utility of the DMO in allowing consumers to compare prices is a worthy goal, however it is undermined by several factors.

Using the EnergyMadeEasy website provides almost no information about the DMO.

On the website it states, with reference to the [DMO](#):

“This change will allow you to more easily compare market offers because when you see '15 per cent below the reference price' advertised with one retailer you will know it is cheaper than another offer that is '10 per cent below the reference price'.

This information could only be found by searching the main website using the term “DMO”

In the AER’s [Default market offer prices 2024–25](#) it states:

“When advertising or promoting market offer prices, retailers must show the price of their offer in comparison to the DMO/reference price. This helps customers more simply compare the price of different offers.”

However, it is not available anywhere on the EnergyMadeEasy website where you actually compare plans. Nor is there any reference to “DMO” “standing offer” or “reference price” when you search for plans on the EnergyMadeEasy website. Most consumers would not even know that a DMO exists or that it can be used to compare with a market offer.

The DMO price should be provided at the top of any search for plans and always be shown next to any other plan price for easy comparison. It would also be interesting to survey consumers to ask them if they know what a DMO is.

There have also been significant changes since the DMO was introduced, included progressing with an accelerated rollout of smart meters in the areas subject to the DMO. This accelerated rollout, with limited associated consumers protections, will result in more consumers being placed onto cost-reflective tariffs. While the DMO encompasses time-of-use tariffs it does not include demand tariffs.

As NSA has previously noted, EnergyMadeEasy is deficient in allowing consumers to compare electricity plans because it provides a dollar value for plans with demand tariffs without calculating the cost of the demand charge.<sup>4</sup> While the warnings on the website have improved, demand tariffs are still shown with a below-true cost due to this lack of reporting. There also appear to be data errors in the reporting of demand charges on EnergyMadeEasy, with some current rates as high as \$7.70 per KW/day.<sup>5</sup>

We call for much stronger consumer protections so that consumers are not shocked by their electricity bills and strongly believe that demand tariffs should be removed from the residential consumer market. As a transitional measure, the definition of 'small customers' should be expanded so it does not exclude residential customers with demand tariffs.

## **Efficient pricing framework for the DMO**

***4. Should the DMO be set to reflect the efficient costs a retailer might incur in supplying electricity to its customers? How does the DMO compare to other efficient pricing regimes adopted by other states and territories (e.g., ACT, Tasmania, regional Queensland?)***

Given the stated purpose of the DMO, which is to provide a level of price protection for consumers but not act as a price cap, it is our view that setting it to the efficient price is more appropriate than a higher 'reasonable' price. The need for an independently set efficient price is more necessary given limited effective competition. It would be appropriate to extend the approach taken in, for instance, regional Queensland, to the DMO.

***6. How does the inclusion of a competition allowance level the playing field between retailers, given the current market structure (specifically, considering the high-level of concentration of customers across the Tier 1 retailers, coupled with the significant customer disengagement prevalent in the market)?***

We would question the extent to which there is competition at the retailer level. In our view, while there may be the appearance of competition with a range of retailers in the market, this is faux competition as the retailers are passing on costs determined by a much smaller number of market participants involved in electricity distribution, networks, and generation.

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<sup>4</sup> [NSA-AEMC-directions-paper-smart-meter-protections.pdf](#)

<sup>5</sup> Amber Plan Demand, High Season Demand of \$7.7000 per/KW/day. Plan available in Brisbane. Other demand tariff plans in the same area range from \$0.2531 to \$0.363 per/KW/day. This may be due to an error in converting from a per/KW/month rate to per/KW/day. \$7.70 divided by 30 days would equal \$0.2567.

## **The form of the DMO: tariff or price cap**

### ***12. To what extent does an annual price for a model level of usage help customers compare market offers against a reference price? How could this be improved or enhanced to benefit customers?***

NSA believes that while there is no ideal method to convey complicated price information, the current price cap approach is superior to changing it to a tariff. If electricity prices were confined to a flat tariff, then a tariff annual price approach would be easier for consumers to understand and compare. But with more complicated cost-reflective tariffs, a price cap – with appropriate disclosure of the method and limitations – would be of most assistance to consumers.

### ***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?***

Following from the above question, expressing the DMO as a tariff rate will be of limited utility for complicated tariff arrangements which can vary throughout the day, week, and year. An annual price cap would make it easier for consumers to compare complicated tariffs. This depends on the ability of other plans to be represented in commensurate ways.

As noted earlier, The EnergyMadeEasy website does not provide adequate information for a customer to understand the annual price of electricity, especially for plans with demand tariffs. We reiterate our overarching position that demand tariffs should not be part of the retail landscape.