



Default Market Offer FAQs



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1 Introduction

From 1 July 2019, energy retailers must have available a Default Market Offer (DMO) for residential and small business customers.

2 FAQs

2.1 What is a Default Market Offer?

The Default Market Offer (DMO) is the annual maximum total bill amount (or a reference price) that electricity retailers can charge for its 'standing offer' prices. The DMO is based on a set average usage amount which is determined by the Australian Energy Regulator (AER).

The DMO acts as a cap on annual standing offer costs for:

1. Residential customers on a flat tariff
2. Residential customers on a flat tariff with controlled load
3. Small Business customers on a flat tariff

Electricity Retailers must set their standing offer prices to ensure the DMO is not exceeded for the above tariff combinations based on the criteria set out by the AER.

For all other tariffs and for market offers, electricity retailers will use the DMO as a reference price to compare their energy offers to.

2.2 Why is the Default Market Offer being introduced?

The Federal Government is introducing the Default Market Offer to lower standing offer prices and to act as a reference price to make it easier for consumers to compare energy offers across different providers.

2.3 What is the difference in the DMO from 1 July 2019 to 1 July 2020?

The table below shows the changes in pricing that are effective from 1 July 2020

Distribution region		Residential without CL	Residential with CL	Small Business without CL
Ausgrid	DMO 2 Price	\$1,462	\$2,024	\$7,240
	for annual usage of	3,900 kWh	General usage 4,800 kWh + CL 2,000 kWh	20,000 kWh
	Difference to DMO 1	-\$5 (-0.3%)	-\$35 (-1.7%)	-\$131 (-1.8%)
Endeavour	DMO 2 Price	\$1,711	\$2,165	\$6,177
	for annual usage of	4,900 kWh	General usage 5,200 kWh + CL 2,200 kWh	20,000 kWh
	Difference to DMO 1	-\$9 (-0.5%)	-\$1 (0.0%)	-\$27 (-0.4%)

The DMO has also been extended to cover Residential TOU Tariffs and Fixed rate Small Business Tariffs.



2.4 I am a residential customer in Ausgrid's network area and I have a flat tariff only. Does the DMO mean my annual total electricity charges have to be less than \$1,462 per year?

No. The DMO is set based on annual usage of 3,900 kWh. Electricity retailers must ensure their prices are set to come under the cap based on the 3,900kWh per annum reference point. Your actual annual energy costs will vary depending on your actual annual energy usage.

2.5 I am on Time of Use rates, does the Default Market Offer cap apply to me?
Yes the DMO does apply to Time of Use Rates.