



24 October 2016

Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

**Att: Shannon Murphy**

**Submission to the Queensland Competition Authority (QCA) - SEQ retail electricity market monitoring 2016-17**

Mojo Power Pty Ltd (Mojo) is a new and innovative energy retailer. We recently entered the Queensland retail electricity market and have standing and market offers available to customers in Southeast Queensland.

We appreciate the opportunity to comment on the QCA's scoping paper for its SEQ retail electricity market monitoring 2016-17. Our comments on data collection, reporting and retail product innovation are set out below.

***Data collection***

We understand that the QCA has been provided clear objectives on the data it must obtain and analyse. We urge the QCA to explore all options to obtain that data from existing sources, whether publically available or through its mutual arrangements with other regulatory bodies. Due to the burden on retailers to comply with detailed data requests, particularly for smaller and new entrant retailers, the last resort should be to request detailed data from retailers.

Significant attention is given in the scoping paper to exploring data on customers switching from standing offers to market offers with the same retailer. This customer segment however does not capture all customers moving from standing to market offers, with the majority of such customers moving from a standing offer with one retailer to a market offer with a different retailer. To obtain a comprehensive picture of the impacts of price deregulation on customer switching between standing and market offers the QCA should consider collecting this data through a survey of customers, rather than collecting only part of this data from retailers.

The focus on switching between standing and market offers with the same retailer may also lead to the inclusion of switching data that does not show competitive customer behaviour in the market. For example, it is only in very rare circumstances (such as move-ins) that customers are placed on Mojo's standing offer. If this occurs we immediately seek to contact these customers and move them onto our market offers as these are better priced for most consumers. Capturing these customers (who are technically, but not competitively switching between Mojo's standing and market offers) does not provide any insight into retail market competition following the removal of price regulation. Accordingly, we request that the QCA considers not requiring retailers to provide data for customers that are only switching away from a temporary deemed contract arrangement (such as in the circumstances discussed above).

## *Reporting*

We are concerned that the proposed analysis of retail offer prices shown in section 2.3 may not adequately represent Mojo's competitive pricing behaviour in the QLD retail electricity market.

As discussed in the "retail product innovation" section below, Mojo's market offers generally contain a higher fixed component than our competitors, with much lower usage charges. This means that our offers are generally more compelling for higher energy users. Customers that save the most by switching to Mojo are therefore generally not "typical customers", who are used as the basis for comparison throughout section 2.3.1 of the scoping paper.

Based on the proposed typical customer consumption figure of 3,860 kWh per annum, it is likely that Mojo's market retail offers will not appear to be competitive. Focusing only on this measure may fail to fully represent the competitiveness of Mojo's offer for different customer segments. The impact of this may also be accentuated as the proposed consumption figure is much lower than the consumption level used for a typical South East Queensland customer in the AEMC 2015 Residential Electricity Price Trends report (being 5,175 kWh per annum).

We suggest the QCA considers alternative ways to analyse and present competitive retail pricing outcomes in the market. For example, results could be presented for low, medium and high energy users. This would better represent the competitive behaviour of retailers that target different segments of customers, such as Mojo. Alternatively, the QCA may wish to discuss separately in its report how Mojo's retail product competitiveness changes relative to other retailers depending on customer consumption levels.

## *Retail product innovation*

Mojo's market offer in Queensland is a significant innovation in retailing energy. Unlike any other retailer, we offer subscription based access to our energy services. The subscription is called our EnergyPass<sup>®</sup>. Customers choose the EnergyPass<sup>®</sup> that suits their needs depending on the level of service they desire (Basic, Plus+ or Premium).

Each EnergyPass<sup>®</sup> subscription gives the customer access to our "wholesale rates". Our wholesale rates are our expected costs to serve our customers. We do not profit based on how much energy our customers use (as other retailers do). Rather, we profit based on the number of subscriptions we sell. Our incentives are therefore aligned with our customers because we don't profit more when our customers use more energy. This means we can focus on truly serving our customers, we can help them better manage or reduce their energy consumption (and production).

For customers that purchase our Plus+ and Premium EnergyPass<sup>®</sup> subscriptions we arrange the installation of a smart meter. There is no up front cost for the installation of the meter. The cost of the meter is included in our Plus+ and Premium EnergyPass<sup>®</sup> subscriptions. Our smart meters give our customers the ability to view their real time electricity usage (and solar production) through our online customer portal.

Our smart meter retail products are key to our long-term objectives in distributed energy. We use data and technology to improve the services we offer, to help customers reduce their energy consumption and to save on their energy bills. Customer usage data is key to being able to develop individualised distributed energy solutions that maximise value for customers.

Mojo is currently developing its solar, battery and home energy management products and services. We expect to progressively deliver and market these products and services throughout 2017.

If you have any queries in relation to this submission, please don't hesitate to contact me by email to [dadams@mojopower.com](mailto:dadams@mojopower.com).

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'D Adams', with a long horizontal flourish extending to the right.

Dominic Adams  
Regulatory Strategy Manager - Mojo Power Pty Ltd