

# Regulator sets default offer price for 2020

**25 November 2019**

## *Electricity and gas*

Rising wholesale and network prices will increase the state's electricity safety net in 2020 but most of the savings achieved by introducing the historic reforms in mid-2019 will remain intact.

The state's independent economic regulator has released its [final decision on the default price](#) for electricity in 2020 with average annual bills to go up by around \$110 (for households) and \$465 for small businesses.

Essential Services Commission chairperson Kate Symons says while the default price is going up, savings for households and businesses on the offer have been largely preserved.

"Average annual bills for around 120,000 households who are on the Victorian default offer will be \$200 to \$330 lower than they were pre-VDO, with businesses saving \$1,000 to \$1,600," she said.

The price safety net is also being extended to another 20,000 households and businesses who are on different types of standing offers including time-of-use, demand and flexible tariff structures.

Commissioner Symons says it should be remembered that customers can do better than the VDO.

"There are better market offers available – but if a customer wants a 'simple and reasonably priced' option, they can trust the VDO,

"We have set a price which reflects an independent and rigorous assessment of the efficient cost of selling electricity - a fair price, which is set by the regulator, not the retailer," she said.

The [Victorian Default Offer decision](#) in brief:

- On average, prices for households and businesses will rise by 7.8 per cent (\$110 households, \$465 small business).
- Pre-VDO savings will mostly remain intact with average annual household bills for standing offer customers will be \$200-\$350 lower and small business \$1,000-\$1,600 lower than before 1 July 2019.
- Around 95 per cent of the increase is due to rising forecast wholesale prices and network costs.
- The Victorian Default Offer will now apply to around 170,000 Victorian households and small businesses but all customers (except those in embedded networks) can switch to the VDO.

See over for comparison table pre VDO average annual bills. Go to [our website](#) for rates (tariffs).

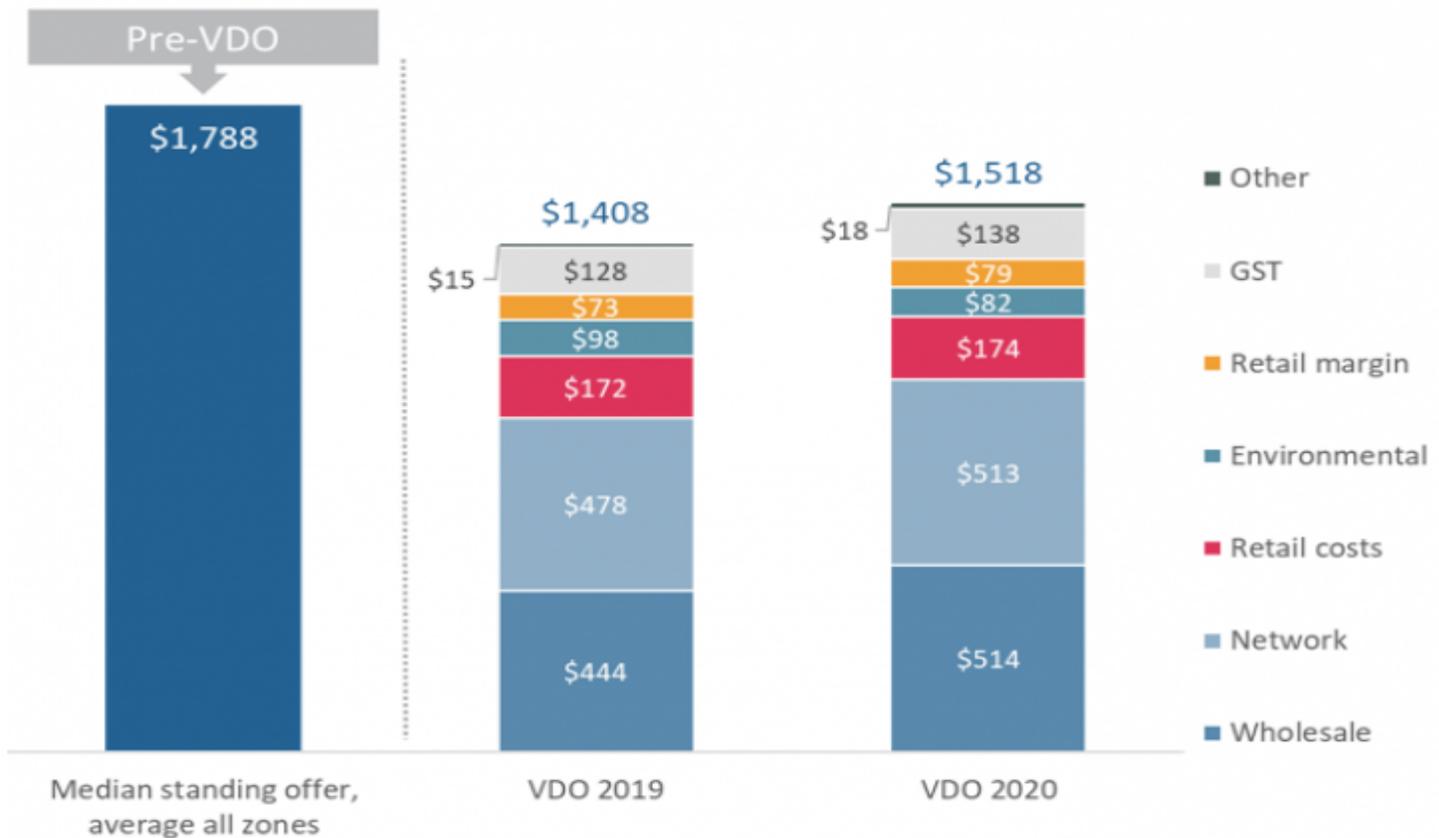


Figure 1: Cost stack components, average all zones - residential customers 4 000 kWh per year

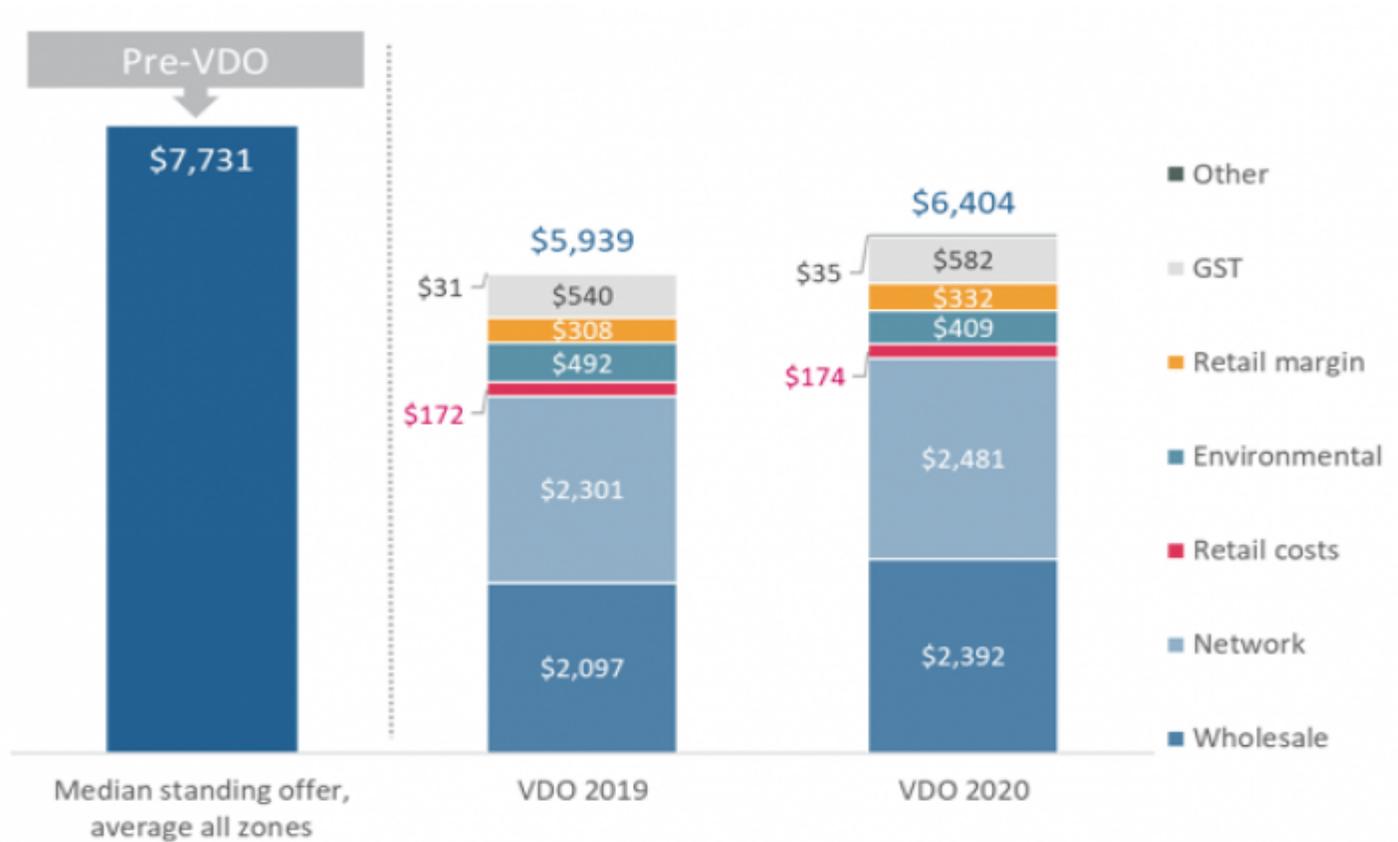


Figure 2: Cost stack components, average all zones - small business customers 20 000 kWh per year

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