



01.04.19

Sarah McDowell
Director, Energy
Essential Services Commission

Dear Ms McDowell

Re: Submission to Victorian Default Offer to apply from 1 July 2019 – draft advice

This submission seeks to provide corrections to the ESC's draft advice paper specifically regarding matters relating to CitiPower, Powercor and United Energy.

[Correction #1] Table 1 Network tariff categories

Please replace Powercor 'Residential interval', D1 with Powercor 'Residential Single Rate', D1

[Correction #2] Table 8 Residential electricity network charges

United Energy's annual fixed charge for the LVS1R Residential Low voltage small 1 rate tariff has been understated.

The annual fixed charge must also include a PFiT pass through charge (Premium Feed in Tariff) which in 2019 is charged at 5.32c/day/customer. This accounts for an additional charge of \$19.42 per customer and should be included in the fixed distribution charges.

Therefore now accounting for the PFiT annual fixed charge the fixed charge for the LVS1R Residential Low voltage small 1 rate tariff should be \$45.30 rather than \$25.88.

[Correction #3] Table 9 Small business electricity network charges

Similar to United Energy's residential tariff, United Energy's annual fixed charge for the LVM1R Low voltage medium 1 rate tariff has been understated.

The annual fixed charge must also include a PFiT pass through charge which in 2019 is charged at 5.32c/day/customer. This accounts for an additional charge of \$19.42 per customer and should be included in the fixed distribution charges.

Therefore now accounting for the PFIT annual fixed charge the fixed charge for the LVM1R Low voltage medium 1 rate tariff should be \$63.33 rather than \$43.91.

Tariff simplification for United Energy

Please be advised that in 2020 that we intend to simplify our United Energy tariff structures by removing seasonality on the Residential Low voltage small 1 rate tariff and the LVM1R Low voltage medium 1 rate tariff.

Therefore on this basis we would recommend that the VDO structure for United Energy customers be based on a single variable charge rather than a seasonal two rate. Introducing a seasonal two rate for the initial six month period may introduce unnecessary complexity.

If you have any questions about our response, please contact Jay Stein via email on [REDACTED] or via phone on [REDACTED].

Kind regards



Mark de Villiers
Head of Regulatory Strategy & Pricing
CitiPower, Powercor and United Energy