

1 July 2014

Dr Ron Ben-David
Chairman
Essential Services Commission of Victoria
L37, 2 Lonsdale St
Melbourne VIC 3000

Dear Dr Ben-David

VARIATIONS TO STANDING OFFER TARIFFS FOLLOWING THE REMOVAL OF THE CARBON PRICE

Thank you for the opportunity to comment on the Position Paper on varying standing offer tariffs following the removal of the carbon price.

Simply Energy supports the Essential Services Commission's (ESC's) preferred option

Simply Energy supports the ESC's preferred option to allow us to immediately begin billing customers on the basis of carbon exclusive prices prior to the notice of variation to standing offer prices taking effect.

As the ESC will appreciate, the situation with the removal of the carbon pricing mechanism remains highly uncertain. We will not have clarity on the mechanism's repeal and from when repeal will apply until the relevant legislation has received Royal Assent.

We would like to push the associated price changes through to our Victorian end customers as soon as we practicably can after we have certainty over what is happening with the carbon pricing mechanism.

Under the existing Victorian framework, Simply Energy would be prevented from doing this for our standing offer customers as we would have to wait until after the notification period had concluded. We do not believe that this would be fair to our standing offer customers.

The ESC's preferred option provides us the flexibility we need to push price changes through to standing offer customers as soon as we have certainty over what is happening to the carbon pricing mechanism. It means that all our Victorian energy consumers will see the benefits of the removal of a price on carbon sooner than if we had to wait for the conclusion of notification periods.

The restrictions laid out in Clause 26.3 of the Energy Retail Code will need addressing

Clause 26.3 of the Retail Code requires that retailers provide 20 business days' notice of a tariff variation in the case of customers with a smart meter. As this is now the majority of Victorian customers, this clause also prevents us from quickly passing through the benefits of carbon repeal to customers and the ESC will need to give consideration to this clause as well.

Simply Energy does not support the other options set out in the ESC's Position Paper

We do not support maintaining the status quo as it would mean standing offer customers would not see the benefits of carbon repeal at the same time as market offer customers. We do not believe that standing offer customers should be disadvantaged in this way.



Level 33, Rialto South Tower
525 Collins Street
Melbourne, Victoria 3000
Fax +61 3 8807 1199
simplyenergy.com.au

We are not convinced of the need for allowing multiple variations to standing offer prices (outside of the normal 6 month variation that is next due in January 2015). It would only be required if repeal of the carbon price becomes far more complex than anticipated and requires us to make multiple variations to our standing offer prices. We do not believe that this situation would arise but we would welcome future conversations with the ESC if it were to occur.

If you have any questions regarding this submission, please don't hesitate to contact me on (03) 8807 1132.

Yours sincerely

Dianne Shields
Senior Regulatory Manager