

Victorian Default Offer 2023-24

Submission received via Engage Victoria on our draft decision on Victorian Default Offer 2023-24

Date submitted: 17 March 2023

Submission prepared by: Anonymous 3

Organisation:

Email:

Postcode:

What are your views about our proposed approach to setting the 2023–24 Victorian Default Offer?

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What are your views about our proposed approach to retail operating costs?

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What are your views about our proposed approach to market intervention costs?

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What are your views about our proposed change of inputs for our wholesale cost forecasts?

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What are your views about our proposal to start our reviews with 'request for comment' papers?

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Are there any other matters the commission should look into?

The ESC proposal for retail margins at 5.7%, the same level as last year means that retailers would be getting much higher profit margins this FY since 5.7% of a larger amount (from higher wholesale prices) produces a greater return for the retailers. For this FY, the retail margin is \$95 per residential customer, compared to \$73 last FY.

Since approximately 400,000 households are on the default offer, that amounts to an extra \$8.8m in retailer profit. As the VDO sets the benchmark for market offers, it is very likely that retailers would get larger profit margin.

Asking households to switch to a cheaper deal is NOT an option for households living in embedded network situations who now will have to pay 30% more to their electricity provider. This is not an equitable outcome. It will push many of these households unable to switch into hardship.