

Victorian Default Offer Draft Decision

Applying from 1 July 2026

23 March 2026



Acknowledgement of Country



Dill-ba-din Balluk Biik – Protect Community and Country
Artist: Simone Thomson

Welcome



This session is being recorded



Microphones are muted



Time for questions after presentations

Our approach today

We're keen to hear from you

We will engage on matters you'd like to explore further

Please make submissions via Engage Victoria
closing: 10 April



Today's agenda

Time	Item and speaker
11:00 am	Welcome & introductions - Gerard Brody, Chairperson
11:10 am	Our draft decision – Meg Harris, Project Manager
11:20 am	Victorian Council of Social Service – Rory Anderson, Policy Advisor
11:35 am	Australian Energy Council – Jo De Silva, General Manager Retail Policy
11:50 am	Questions and discussion – Jess Young, Commissioner
	Next steps and close – Gerard Brody, Chairperson

Supporting customers

We recognise the continued impact of prices amid broader cost-of-living concerns.

We:

- Continue to uphold the rights and protections of energy consumers.
- Encourage customers to compare energy offers via the Victorian Energy Compare website – majority of market offers are below Victorian Default Offer.
- Encourage customers to contact their retailer about payment plans, available concessions, rebates, grants.

Retailer obligations and compliance

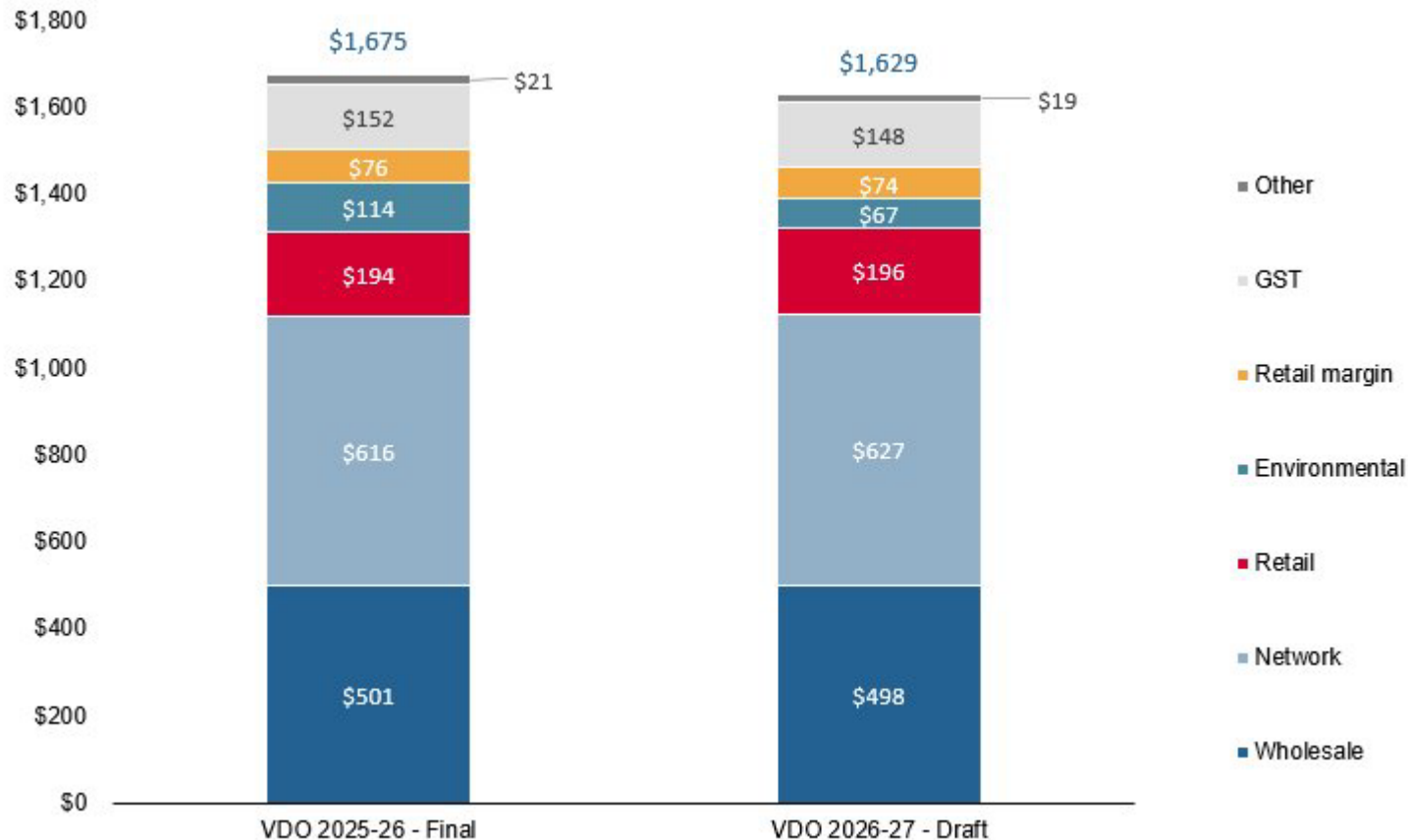
- We continue our compliance focus on retailer obligations to support customers under the Energy Retail Code of Practice.
- Current priorities include:
 - Disconnections for non-payment
 - Payment difficulty framework
 - Protecting customers experiencing vulnerability
- Our expectation is that retailers work with customers to fulfill their obligations – including supporting uptake of concessions, helping with utility relief grant obligations, and making referrals to other assistance.

Our draft decision

Draft decision on 2026–27 Victorian Default Offer

On average, across all five distribution zones:

- Representative annual domestic bills would decrease from \$1,675 to \$1,629, a decrease of \$46 (three per cent) with 4,000 kWh annual usage



Draft decision on 2026–27 Victorian Default Offer

- Main reason for decrease is lower environmental costs
- Methodology applied is consistent with last year's decision

Changes in domestic cost benchmarks, \$nominal (average across all five Victorian distribution zones), from 2025–26 to 2026–27

Cost component	Annual change (\$)	Annual change (%)
Wholesale	-\$4	-1%
Network	+\$12	2%
Retail Operating Costs	+\$2	1%
Environmental Costs	-\$47	-41%
Other costs	-\$2	-11%
Retail Operating Margin	-\$2	-3%
GST	-\$4	-3%
Total	-\$46	-3%

Draft decision on 2026–27 Victorian Default Offer

Victorian Default Offer by distribution zone, average domestic customer

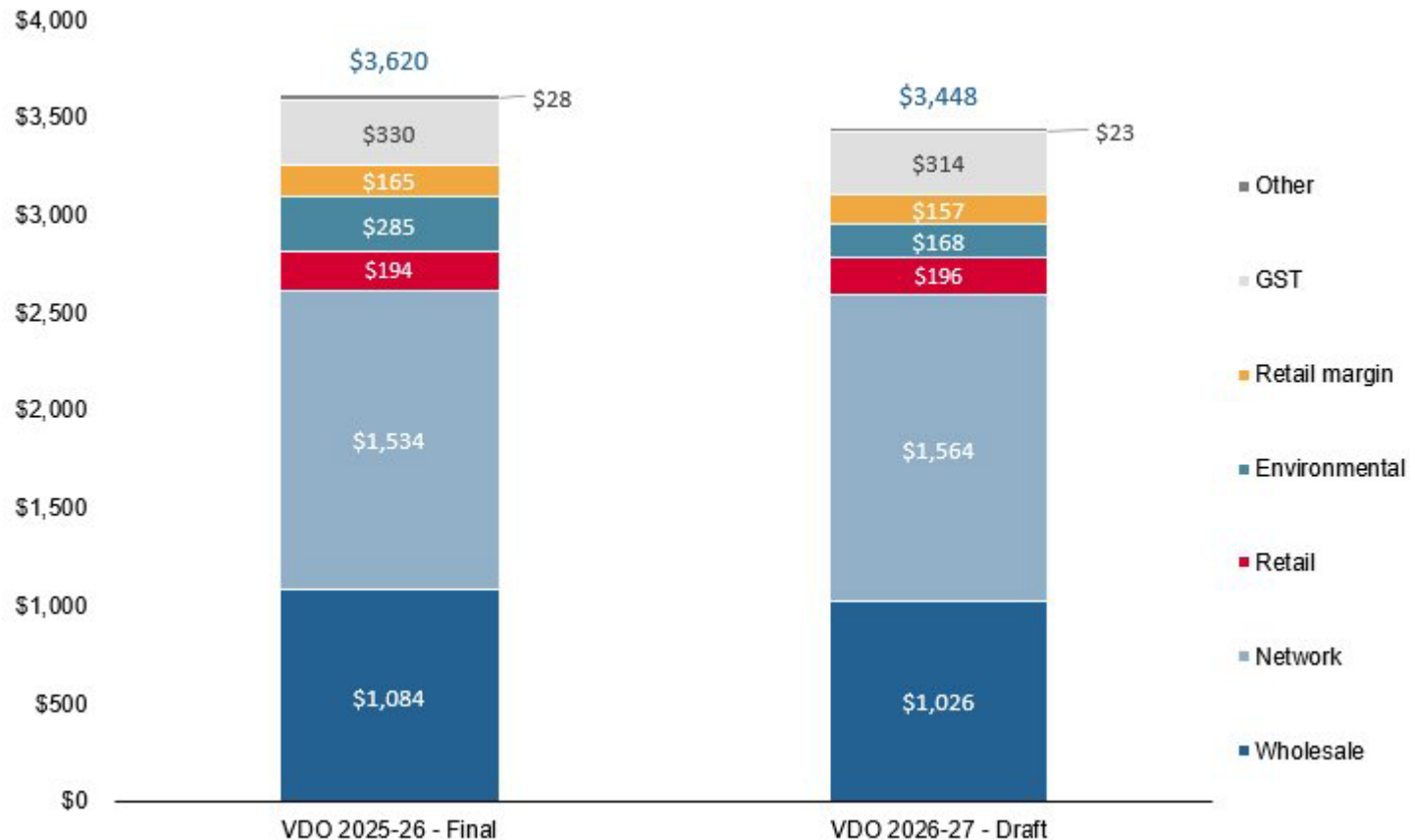
	AusNet	CitiPower	Jemena	Powercor	United Energy	Victorian average
2025–26 (final decision)	\$1,908	\$1,546	\$1,638	\$1,703	\$1,579	\$1,675
2026–27 (draft decision)	\$1,863	\$1,500	\$1,592	\$1,655	\$1,536	\$1,629
Change in \$	-\$45	-\$46	-\$46	-\$48	-\$43	-\$46
Change in %	-2%	-3%	-3%	-3%	-3%	-3%

Values in the table may not sum to exact total due to rounding.

Draft decision on 2026–27 Victorian Default Offer

On average, across all five distribution zones:

- Representative annual small business bills would decrease from \$3,620 to \$3,448, a decrease of \$172 (five per cent) with 10,000 kWh annual usage



Overview of the cost stack

Network costs

We have used network tariffs for 2025–26 approved by the Australian Energy Regulator in 2025, and adjusted for inflation

- Our draft decision is to use the three-period domestic time of use tariff structure for 2026–27, transitioning from a two-period tariff

Our final decision will use the 2026–27 tariffs approved by the Australian Energy Regulator

Wholesale electricity costs

We have maintained our approach to setting wholesale electricity costs, including:

- a load profile reflecting customers' load only
- no allowance for wholesale cost of exports as it was forecast to be an overall positive value.

Our final decision will use updated 12-month contract read to April (from 6 February used in draft)

Overview of the cost stack

Market operator fees and ancillary services

We have adopted new data set for ancillary services

Final decision will use market operator fees and structure, as set in their draft budget for 2026–27

Overview of the cost stack

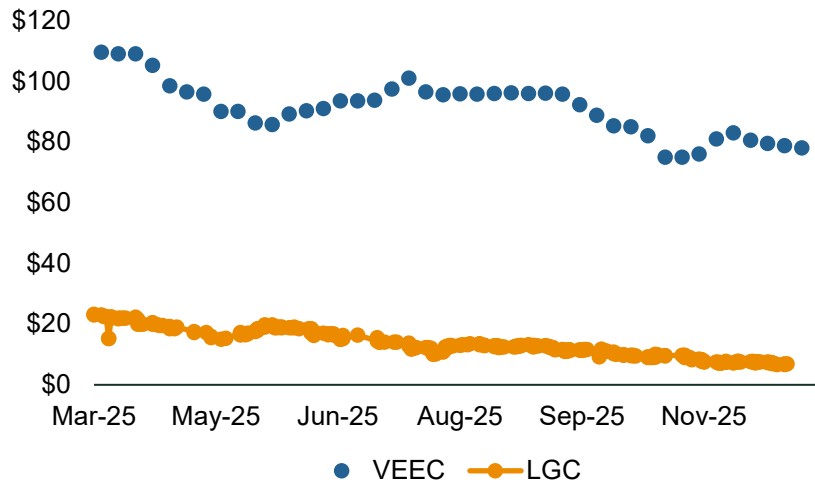
Environmental costs

Main driver of overall reduction for draft decision

Reductions in certificate prices and liabilities for both:

- Victorian Energy Upgrades and
- Large-Scale Renewable Energy Target

VEEC and LGC Prices 2025



Year	Liability percentages		
	VEU	SRES	LRET
2023—24	16.31	17.14	18.96
2024—25	15.24	18.70	18.48
2025—26	15.13	12.84	17.91
2026—27	9.71	11.21	16.67

Overview of the cost stack

All other costs

We have maintained our approach across all costs, including retail operating costs and margin

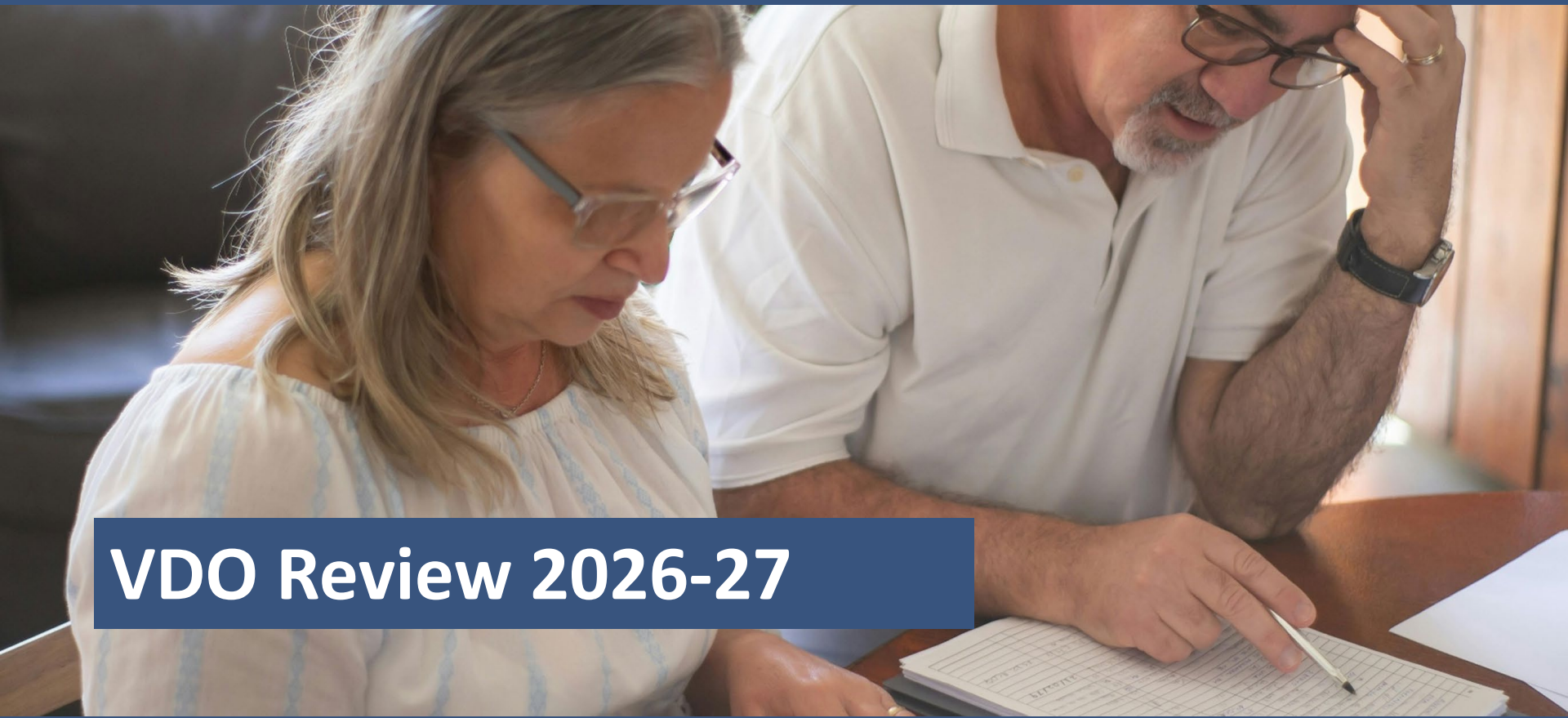
Reminder: the Compliant Maximum Annual Bill is set using the flat rate tariff

Our final decision

Will be updated to include the most recent information on:

- wholesale electricity costs
- environmental costs
- market operator fees and ancillary service fees
- approved network tariffs (including their structures) and metering costs.

Our draft decision paper sets out our approach to setting a three-period time of use tariff for domestic VDO customers – we want to hear from you



VDO Review 2026-27

Joint submission to the 2026-27 review

Participating organisations



Our response to the draft decision

- Any reduction in the cost of the VDO is welcome
- Electricity is still expensive for people that the community sector supports
- Incomes are often insufficient to meet the costs of essentials like energy
- Many people have to make tough choices when they get their bill



Advocates support the ongoing role of the VDO

- The VDO is a crucial regulatory safeguard
- It has resulted in more stable prices and eliminated unreasonably priced standing offers
- It is a critical safeguard in embedded networks

Comments on free power period & TOU tariffs

- Advocates support including a free power period and moving to a three-price TOU offer as benchmarks reflecting market offerings
- However, we strongly emphasise the barriers consumers face in responding to price signals
- We suggest safeguards for a free power period, including:
 - Opt-in only application
 - A better-off price guarantee based on a reasonable benchmark
 - Access to a simple flat tariff at any time
 - Fair comparison tools based on actual usage, not assumed behaviour change

Case study

I'm working with a client who had been paying \$83 per fortnight through bill-smoothing yet still accumulated \$1,800 in energy debt in just 12 weeks. She's a victim-survivor of family violence, caring for three children, living on a very low income, and the debt is simply unmanageable.

Her mental health is fragile, and every call to the energy retailer leaves her overwhelmed. Like many of my clients, she prioritises energy bills over essentials, often before food, medication, or accessing healthcare. The result is worsening health, untreated mental health issues, and constant financial anxiety. Cases like hers highlight how energy unaffordability pushes vulnerable families into crisis.

- financial counsellor, provided by FCVic





More work is needed to create affordability in the market for the communities that we support

Measures to improve affordability beyond the VDO

- Continued consumer protections and regulatory reform
- Home energy efficiency improvements and electrification
- More renewables in the generation mix
- Increased income support payments
- Consideration of targeted mechanisms like a social tariff for energy

Thank you



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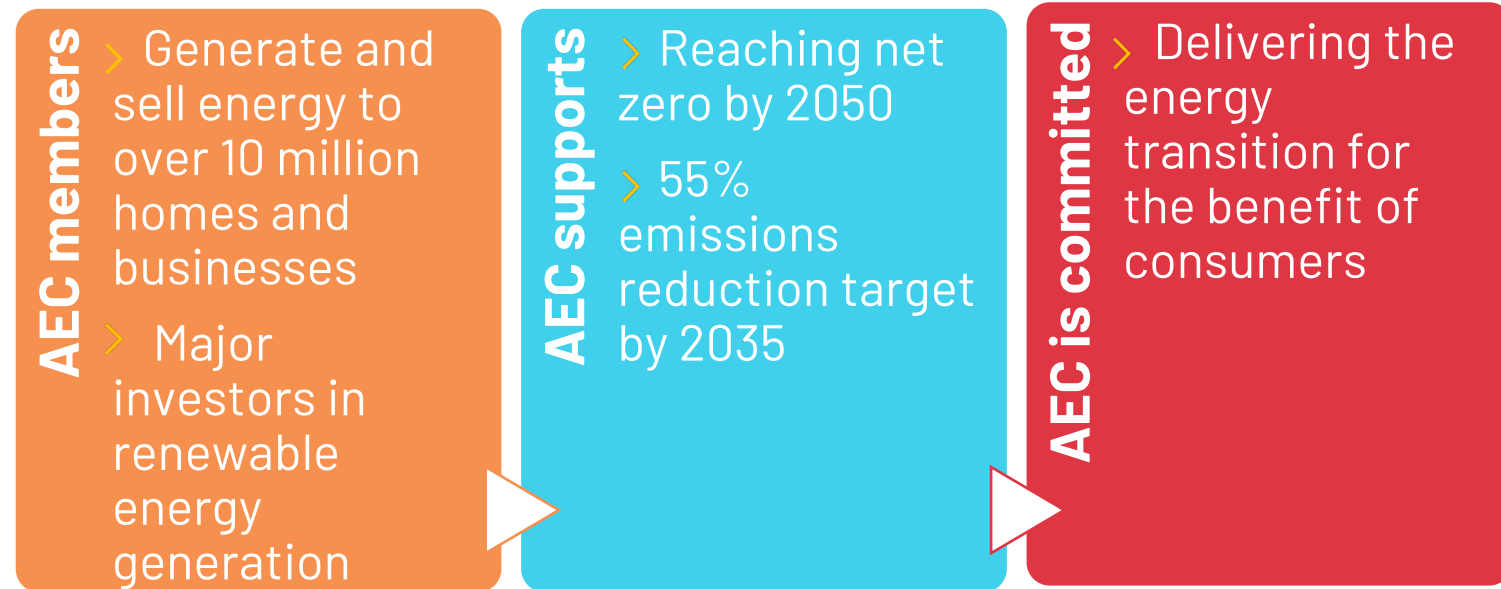


VCOSS

ESC VDO 2026–27 Draft Decision

Jo De Silva

March 2026



Peak body for electricity & downstream natural gas businesses operating in the competitive wholesale & retail energy markets



Welcome to Victorian Energy Compare

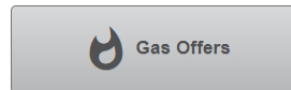
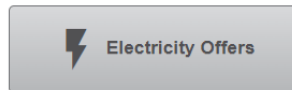
An independent Victorian Government energy price comparison site
To get the most out of this tool, you need a recent energy bill or smart meter data file.

[Frequently Asked Questions](#)

[In your language](#)

Get started

What are you looking to compare?



i To compare both electricity and gas select an energy type on this screen and then add the other energy type when you get to the Available Offers screen.

Source: <https://compare.energy.vic.gov.au/>



Some shared needs and values amongst all customers



Simplicity



Reliability and certainty



Affordability



Comfort and convenience



Choice and agency



Customer protections and security



Fairness and equity



Environmental sustainability



Opportunities for rewards are increasing



Dynamic network pricing



Energy market policy reforms



New value streams & auxiliary markets



Load flex and CER orchestration



Emerging CER technologies



Smart & digital management technologies



EVs and V2G capabilities



Set and forget devices

Where retailers are aiming to get to

Who we are
(Our industry vision)

Retailers are **trusted enablers** of consumer participation in a reliable and decarbonised energy system.

What we do
(external, customer facing narrative)



We provide energy services that deliver value and meet our customers' needs



We make our customers interaction with the energy system as simple as possible







We help integrate customer energy resources in the energy system so that our customers get the most benefits from their investment



We support and empower our customers to actively participate in Australia's transition to net zero

We understand customers are diverse

They have different needs, values and motivations

	1. Simple	2. CER Service	3. Blended
	Limited engagement	Retailer coordinates CER	Self-managed / sourced
 VALUES	Simplicity, reliability, certainty, comfort, convenience, safety, privacy, fairness, equity, environmental sustainability	SIMPLE + Choice, control, reduced costs / rewards	SIMPLE + Choice, control, agency, reduced costs / rewards
 COST NEEDS	Affordability, reduced bills, certainty, no surprises	SIMPLE + Savings, rewards, access to capital intensive CER	SIMPLE + maximised savings, rewards, access to capital intensive CER
 SERVICE NEEDS	Energy as an essential service, on-demand, flat / stable prices	Energy manager/partner, dynamic prices	Energy concierge, network / wholesale market cost pass through
 COMMS NEEDS	Clear communications, billing information and customer rights	SIMPLE + information on energy services and value of increased engagement	SIMPLE + Education on energy services and value of increased engagement

Draft decision

Positives

- ✓ Lower prices for customers (due to lower environmental costs)
- ✓ Stable methodology
- ✓ Pass-through uncontrollable costs
- ✓ No regulated solar sharer tariff (see next slide)



Solar sharer regulated tariff

- We support the draft decision not to introduce a zero-charge daytime tariff
- Regulating in such tariffs is fraught with risk and may benefit few customers
- Agree that setting a Time-of-use tariff based on network “solar soak” tariff allows customers to take advantage of lower priced daytime periods
- Some retailers offer solar sharer style tariffs anyway, at their own risk

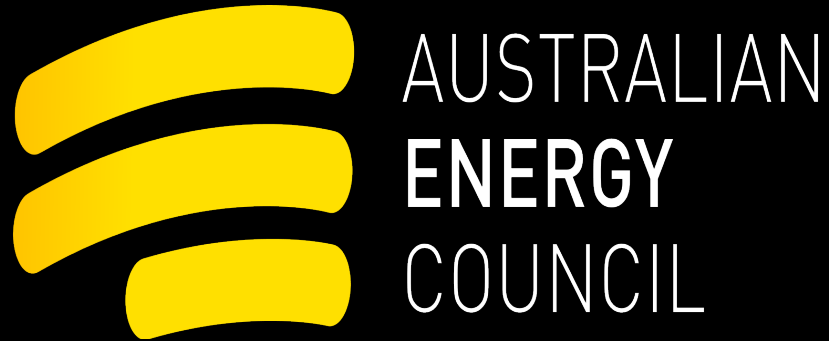



Draft decision


Concerns


- No accounting for solar exports
- Continued margin squeeze
- Timing of final network TOU tariffs





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Question and answer

Facilitator

Jess Young

Commissioner



Question and answer

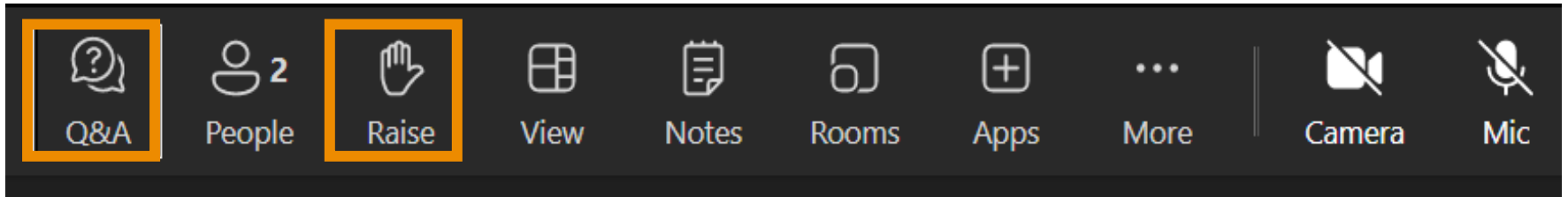


- Use the Q&A window to type a question
- Raise your hand to ask a question to camera
- Mute your microphone (when not speaking)
- Send technical or business-specific questions to VDO@esc.vic.gov.au
- Similar questions will be addressed once

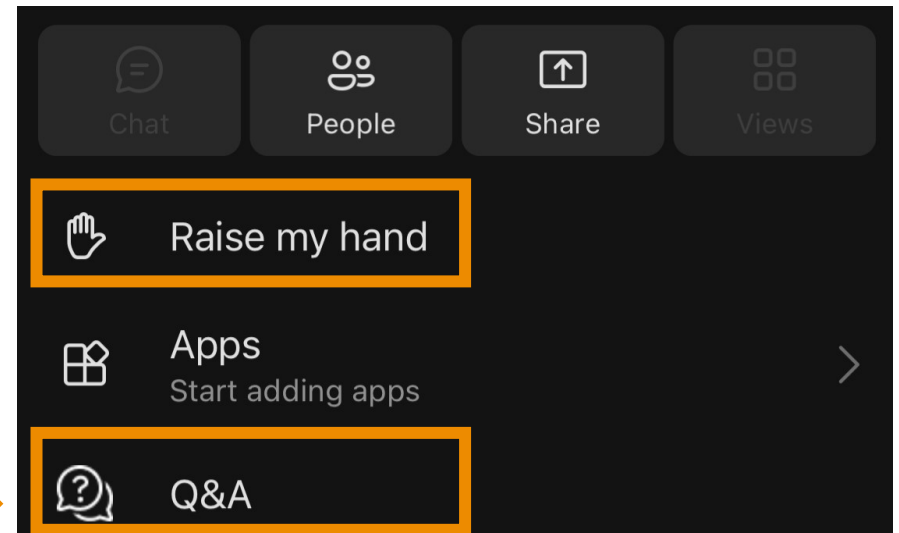


How to submit a question

Computer



Mobile



Resources

- Draft Decision Paper available on commission website: [Victorian Default Offer price review](#)
- Make submissions or comments via [Engage Victoria – Have your say on our Draft Decision Paper](#)
- Further contact: VDO@esc.vic.gov.au

- [Getting the best energy offer](#)
- [Energy bill support for Victorians](#)
- [Energy Concessions & Benefits \(Department of Families, Fairness and Housing\)](#)

2026–27 Victorian Default Offer review timeline

Approach

- ✓ Request for comment paper: 14 November 2025
- ✓ Submissions closed: 12 December 2025

Draft decision

- Draft decision paper: 12 March 2026
- Public forum: 11:00 am 23 March 2026
- Submissions close: 10 April 2026

Final decision

By 24 May 2026

2026–27 Victorian Default Offer

New prices in effect: 1 July 2026

2026–27 Victorian Default Offer: Draft decision public forum

SESSION COMPLETE

THANK YOU FOR YOUR ATTENDANCE

