

Victorian Default Offer 2025-26

Submission received via email on our Victorian Default Offer 2025-26 Draft Decision Paper

Submission prepared by:

Energy Locals

Organisation:

Energy Locals

Email

[REDACTED]

Please confirm which one of the following applies to your submission:

I agree to my submission (other than the information I have identified as confidential or commercially sensitive (if relevant)) and my name being published.

Date submitted:

11 April 2025

Your views on our draft decision

On this occasion, due to capacity constraints, Energy Locals will not be putting forward a formal submission to the 2025-2026 VDO Draft Decision, however, we wish to reiterate the comments we raised in the ESC's workshop on the treatment of solar exports. We trust that our comments in the workshop and our previous position in response to the Request for Comment Paper will be considered by the ESC for the final decision.

To reiterate our position:

- we do not support a removal of solar exports from the load profile;
- solar has a direct and material uplift on the wholesale electricity costs that a retailer incurs. This cost is increasingly difficult to forecast and cannot be hedged via any wholesale market instrument;
- small retailers, are unlikely to have sufficient storage capacity (e.g., battery storage) or significant C&I load (which is sometimes restricted by hedging and capital arrangements) to manage the costs of solar;

- the proposed modelling, which assumes that retailers will benefit from solar exports following a reduction in the minimum feed-in tariff (FiT) is unrealistic. Customers will expect to continue receiving a competitive FiT, regardless of reductions to the mandatory minimum. It is not reasonable to assume that all retailers will reduce FiTs to the minimum mandated level. Larger retailers can afford to offer higher FiTs to squeeze smaller retailers given large gentailers are able to spread the FiT loss over many other customers; and
- we do not consider the social cost of carbon to be sufficient to offset the wholesale energy costs of exports.

We are, therefore, appreciative that the ESC is considering allocating a cost to cover forecast negative solar-weighted wholesale prices.

As discussed in the workshop, we are very happy to assist the ESC by sharing our load shape or any other data that may be useful. We acknowledge that there are several factors that may limit an immediate decision on this matter, so to avoid delays in addressing this issue in future VDO determinations, we are eager to assist and would welcome further discussions.

Please feel free to reach out if there are any specific data sets or information that would assist the ESC in making a more favourable determination for retailers on this matter.