

Victorian Default Offer 2026–27

Submission received via Engage Victoria on our Request for Comment paper on the 2026–27 Victorian Default Offer

Submission prepared by:



Organisation:

N/A

I have read and agree to the above submissions and privacy collection statement.

Yes

Please confirm the option which applies to your submission:

I agree to my submission (other than the information I have identified as confidential or commercially sensitive (if relevant)) being published, but please do not publish my name.

Date submitted:

21 November 2025

General Matters

Are there matters that you would like to raise, including methodological approaches to other cost components not mentioned in this paper?

I acknowledge that there is now a regulated default price for residential customers in embedded networks. However, my concern is that this default is effectively set at the same Victorian Default Offer (VDO) level as for unengaged customers in detached housing who can choose and switch retailers.

In my view, this is not fair or appropriate. Many people living in apartments on embedded networks are locked into a single provider and cannot access the competitive retail market at all. Some of these residents are highly engaged and financially literate. If they were free to choose, many would almost certainly move to the lowest-priced market offer available, rather than remaining on a default tariff. By contrast, many detached-house customers on the VDO are in a stronger position: they typically have full access to market offers and, on average, are more likely to be from higher income or higher socioeconomic households.

For apartment residents and owners, living in an embedded network is often not a “premium” choice, but the only affordable way to enter or remain in the housing market. Given this, it is inequitable that disengaged or unable-to-engage customers in detached housing and structurally “trapped” customers in embedded networks face the same default price level. The latter group has significantly less ability to protect themselves by shopping around and is often more financially constrained.

For these reasons, I consider that the VDO for apartment residents on embedded networks should be materially lower than the VDO for standard detached-housing customers. As a concrete proposal, I recommend that the VDO (or equivalent regulated maximum price) for residential embedded network customers in apartments be set at least 25 per cent lower than the VDO applicable to customers in detached housing, on a comparable annual-bill basis.

This would better reflect:

- the reduced choice and bargaining power of embedded network customers;
- the fact that many apartment residents would choose a cheaper market plan if they were allowed to; and
- broader policy objectives to encourage apartment living and higher-density housing, which supports more efficient use of infrastructure and can reduce environmental impacts.

In short, if the VDO is intended to function as a safety net, then that safety net should be stronger – not identical – for apartment residents who cannot leave an embedded network and who are often less able to absorb high energy costs.