

## 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:**

Pacific Blue

#### **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the information I have identified as confidential or commercially sensitive (if relevant)) being published, but please do not publish my name.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:**

12 December 2025

#### *General Matters*

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

Pacific Blue suggests, it would be beneficial for the Commission to publish an assumed average customer electricity demand profile by 30-minute intervals for Time-of-Use (ToU) tariffs, rather than relying on the current percentage split (33% peak / 67% off-peak). It would allow retailers to more accurately develop retail ToU products with tariff structures that differ from network price periods (including peak/off-peak/free or super-off-peak variants). This would also provide greater clarity and consistency in calculating reference price differentials.

#### *Wholesale electricity costs*

**We propose to continue the approach adopted in our final 2025–26 Victorian Default Offer decision to account for the wholesale cost of exports within the Victorian Default Offer. This includes a forecast export volume weighted wholesale price, multiplied by**

**small customer export volumes, and divided by total forecast consumption. Do you agree with this approach? If not, why, and what alternative approach should we consider?**

Yes, Pacific Blue agrees with the proposed approach.

**We propose to continue to use data sourced from the Australian Energy Market Operator and the Australian Energy Regulator to inform our estimate of the wholesale cost of exports. Do you agree with these data sources? If not, why and what alternative data sources should we consider?**

Yes, Pacific Blue agrees with the proposed approach.

### *Network costs*

**Given the objective of the Victorian Default Offer is to provide a simple, trusted and reasonably priced electricity option that safeguards consumers unable or unwilling to engage in the electricity retail market, do you foresee any difficulties in transitioning from a two-period to three-period time of use (ToU) tariff? And if not, is continuing our pass-through appropriate or are there other approaches we should consider?**

Pacific Blue supports retaining the existing two-period ToU structure, alongside the introduction of a new three-period ToU structure under the Victorian Default Offer. Maintaining both tariffs will provide greater flexibility and ensure the framework accommodates different customer usage profiles. This flexibility allows retailers to adopt the tariff structure most appropriate to their customer base and product strategy. Additionally, retaining a two-period option maintains a simple, easy-to-understand default for customers who value clarity, while the availability of a three-period structure enables more cost-reflective pricing and encourages product innovation.

**Are there any other matters proposed by distribution network service providers, or the Australian Energy Regulator that you think we should consider in setting the Victorian Default Offer?**

Pacific Blue does not have any suggestions or comments.

### *Free power period tariff*

**What are your views on the suitability of a regulated residential tariff with a free power period in Victoria?**

Pacific Blue supports allowing retailers the flexibility to design their own tariffs, rather than mandating a regulated tariff with a free-power period. While some retailers already offer products with free-usage windows, ongoing product innovation is best driven through competitive market

dynamics and customer needs. A mandatory tariff could interfere with normal competition and may result in unintended cross-subsidies.

Importantly, a free-power period does not eliminate underlying retailer costs; these costs would need to be recovered through other tariff components. This may pass costs onto customers who are unable to benefit—such as households with rooftop solar or those unable to shift usage—potentially increasing their overall bills. If the Commission intends to proceed, the preferred approach is for any regulated offering to be narrowly targeted to specific customers and provided to customers on an opt-in basis.

**Are there additional safeguards - such as eligibility requirements - that should be implemented before a customer could opt-in to such a product?**

Pacific Blue does not have any suggestions or comments

#### *Other costs*

**Do you support our proposed approach to pass through the Australian Energy Market Operator's recently introduced 'Cyber Security & Resilience' fee and if implemented, the updated National Electricity Market Participant fee structure? If not, why, and what alternative approach should we consider?**

Yes, Pacific Blue supports the proposed approach. Passing through AEMO's Cyber Security & Resilience fee, as well as the updated NEM Participant fee structure, is appropriate as it aligns retail pricing with actual market costs and maintains transparency in cost recovery.

**Do you have any feedback on our proposed use of the Australian Energy Market Operator's updated data to inform our ancillary service fee estimate?**

Pacific Blue supports the proposed use of AEMO's updated data to inform the ancillary service fee estimate.