



1 February 2019

Sarah McDowell
Director, Energy
Essential Services Commission

By email: RetailEnergyReview@esc.vic.gov.au

Dear Ms McDowell,

Re: Staff Working Paper, Victorian Default Offer for domestic and small business electricity customers

The Victorian electricity distribution networks (“the networks”) welcome the opportunity to respond to the ESC’s Staff Working Paper in relation to the Victorian Default Offer (VDO) for domestic and small business electricity customers (the Paper).

The Paper proposes to adopt the networks’ single rate electricity pricing structures to the VDO. A single rate pricing structure applies to the majority of residential and small business customers and therefore it is sensible that a VDO be established using this structure.

We note that a significant portion of residential and small business customers are also on a time of use pricing structure – as set out in **Figure 1** and **Figure 2** below. Further, the Victorian electricity distribution networks are currently consulting on the network tariff structures and customer assignment policies that apply from 1 January 2021. This could result in a declining proportion of residential and small business customers on a single rate network tariff into the future.

As a result, it would be worthwhile considering a VDO that extends to at least one additional time variant pricing structure in the future. The Victorian networks are keen to work closely with the ESC and stakeholders on the future of these reforms going forward to deliver the best possible outcome for Victorian electricity consumers.

If you have any questions about our response, please contact Jay Stein (CitiPower, Powercor and United Energy) via email on [REDACTED].

Yours sincerely,



Alex McPherson
Manager Pricing and Compliance
Jemena



Charlotte Eddy
Manager Economic Regulation
AusNet Services



Mark de Villiers
Head of Regulatory Strategy & Pricing
CitiPower, Powercor and United Energy

Figure 1 – Victorian residential customers on a ToU network tariff

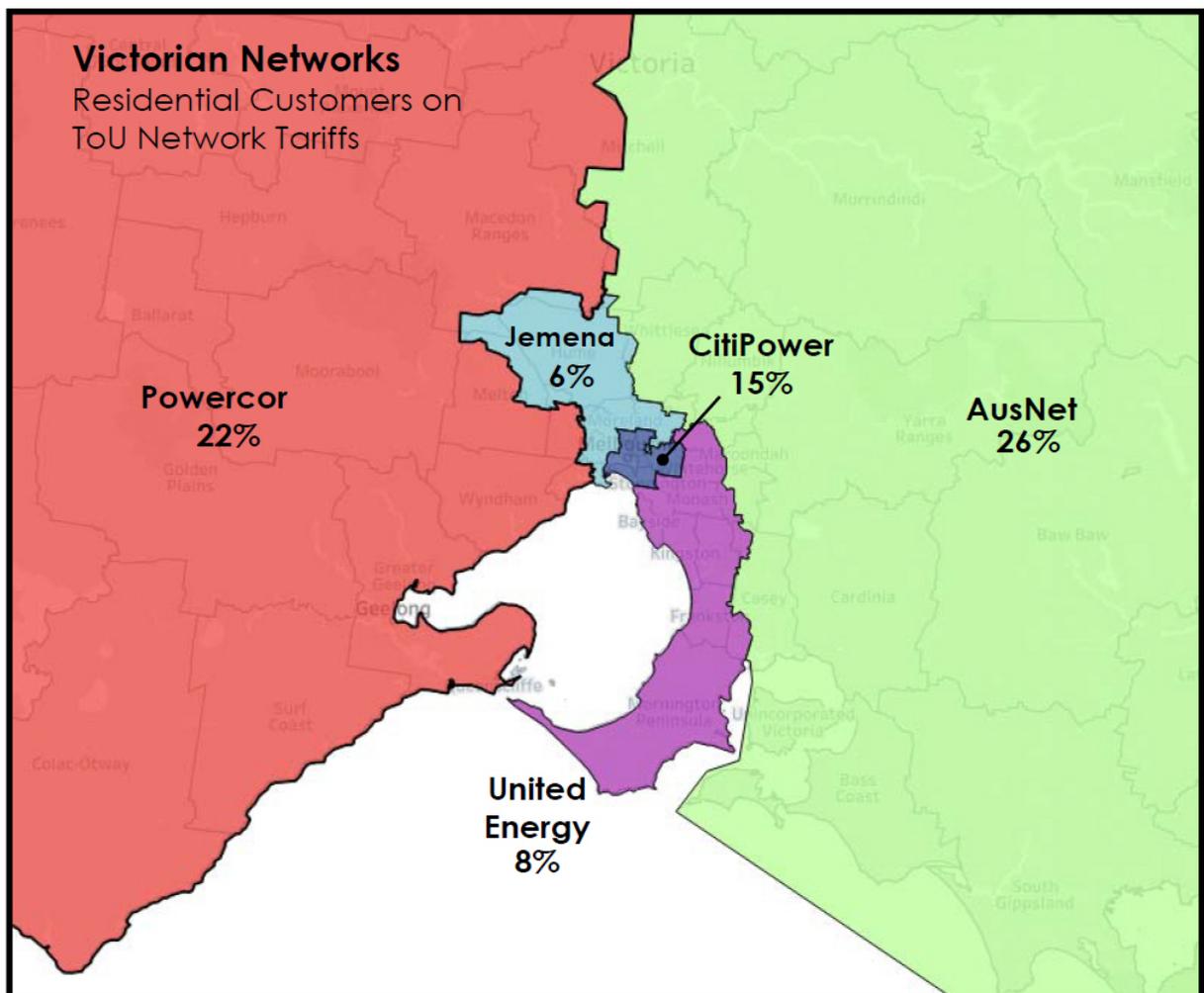


Figure 2 – Victorian small business customers on a ToU network tariff

