

Regulator ready to act on retailers who misrepresent reason for price rises

The Victorian energy regulator says it is keeping a watchful eye out for retailers who are blaming large post-Christmas electricity price rises on an unrelated moderate rise in the energy safety net (the Victorian default offer).

The Essential Services Commission says it's concerned at reports some energy retailers are justifying increases of up to 30 per cent on a 7.8 per cent rise in the Victorian default offer.

Acting chair, Sitesh Bhojani says any retailer engaging in this conduct may be making false or misleading representations to customers.

"Setting market offers is a business decision for each energy retailer, and is not related to the Victoria default offer," he said.

The commission has this week notified all Victorian electricity retailers that it is keeping a close watch on how retailers are justifying their own business decisions.

Mr Bhojani says the commission will consider what action it can take.

"Retailers should be aware we will be making further enquiries, and should we identify potential breaches of the Australian Consumer Law regarding the provision of false or misleading information we will refer the matter to Consumer Affairs Victoria," he said.

Mr Bhojani says the 1 January 2020 increase of 7.8 per cent to the default offer is a result of rising wholesale and network prices, and it only applies to those who were on standing offers, or who switched to the default offer after 1 July 2019.

"There is no connection between this and the setting of market offers by retailers and any customers on market contract who are being given this excuse, should email a complaint to the commission (energy.enquiries@esc.vic.gov.au)," he said.

The Victorian default offer is a '[simple, trusted and reasonably priced option](#)' based on an independent assessment of the efficient cost of selling electricity. It's a 'fair price' set by the regulator, not the retailer. Customers who were switched to the default offer on 1 July 2019 will still be better off after 1 January 2020 with bills \$200-\$350 lower for households, and \$1,000-\$1,600 lower for small business than before 1 July 2019.

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