

2023-24 Victorian Default Offer: draft decision overview

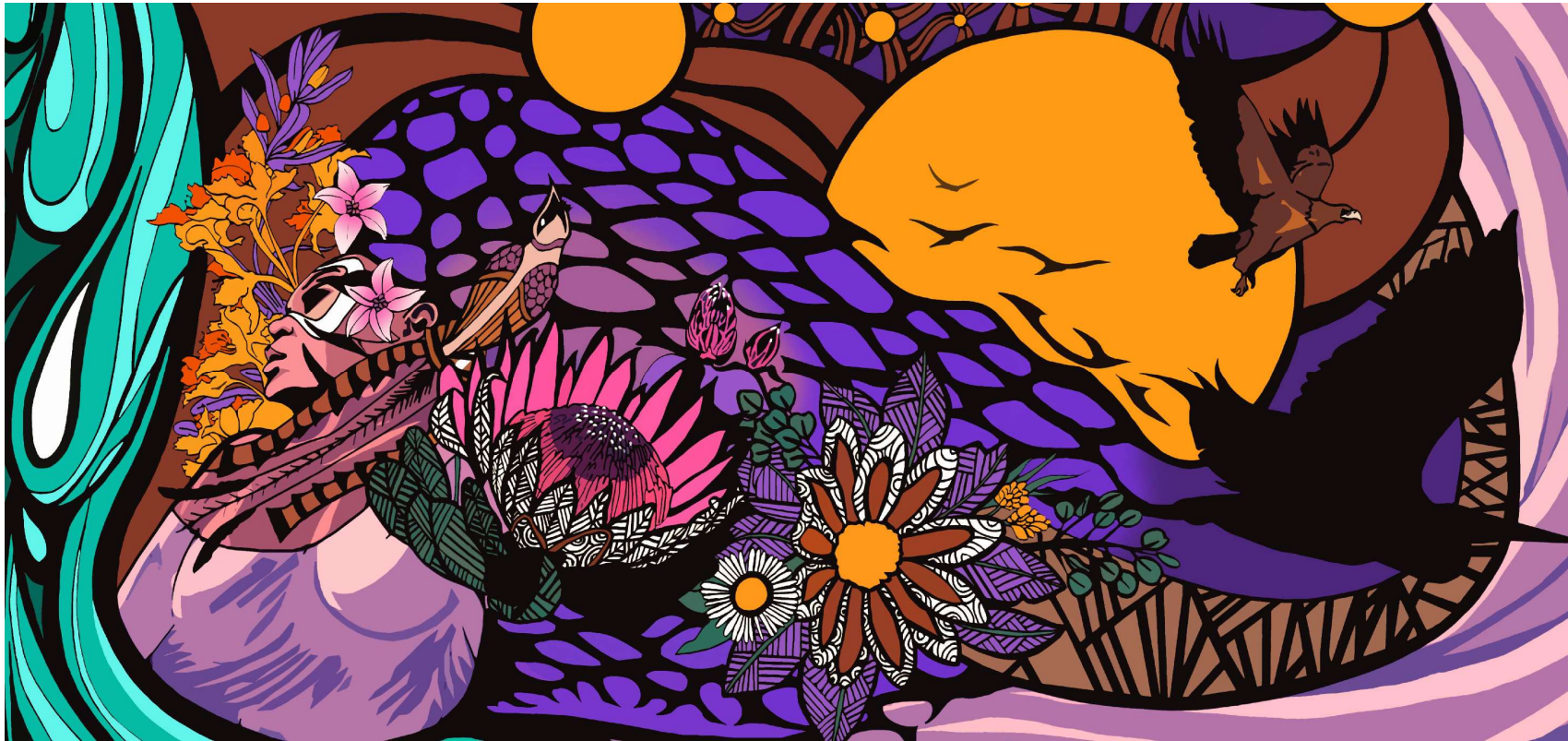
15 March 2023



Agenda

Agenda	Speaker
Opening remarks <ul style="list-style-type: none"><li data-bbox="152 475 909 528">• Acknowledgement of Country<li data-bbox="152 536 1308 588">• 2023-24 Victorian Default Offer review timeline	Kate Symons, Commissioner and Chairperson
Draft decision <ul style="list-style-type: none"><li data-bbox="152 732 439 785">• Overview<li data-bbox="152 793 553 845">• Key outcomes	Marcus Crudden, Executive Director – Price, Monitoring and Regulation
Supporting customers <ul style="list-style-type: none"><li data-bbox="152 1003 1055 1056">• Retailer obligations and compliance<li data-bbox="152 1064 703 1117">• Government support	Kate Symons, Commissioner and Chairperson
Closing remarks <ul style="list-style-type: none"><li data-bbox="152 1276 1117 1329">• Publication and supporting information<li data-bbox="152 1337 468 1390">• Next steps	Kate Symons, Commissioner and Chairperson

Acknowledgement of Country



Barring Djinnang artwork by Jade Kennedy.
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We acknowledge the Traditional Owners of the lands and waterways on which we work and live.
We acknowledge all Aboriginal and Torres Strait Islander communities and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge and ongoing role in shaping and enriching the story of Victoria.

2023-23 Victorian Default Offer review timeline

Approach

- Consultation paper: 8 December 2022
- Submissions close: 30 January 2023

Draft decision

- Draft decision paper: 15 March 2023
- Public forum: 30 March 2023
- Submissions close: 11 April 2023

Final decision

- Final decision paper: By 24 May 2023

2023-24 Victorian Default Offer

- New prices in effect: 1 July 2023

Proposed increases to 2023-24 Victorian Default Offer

Main driver of proposed higher Victorian Default Offer is wholesale costs, and then network costs (to a much lesser extent).

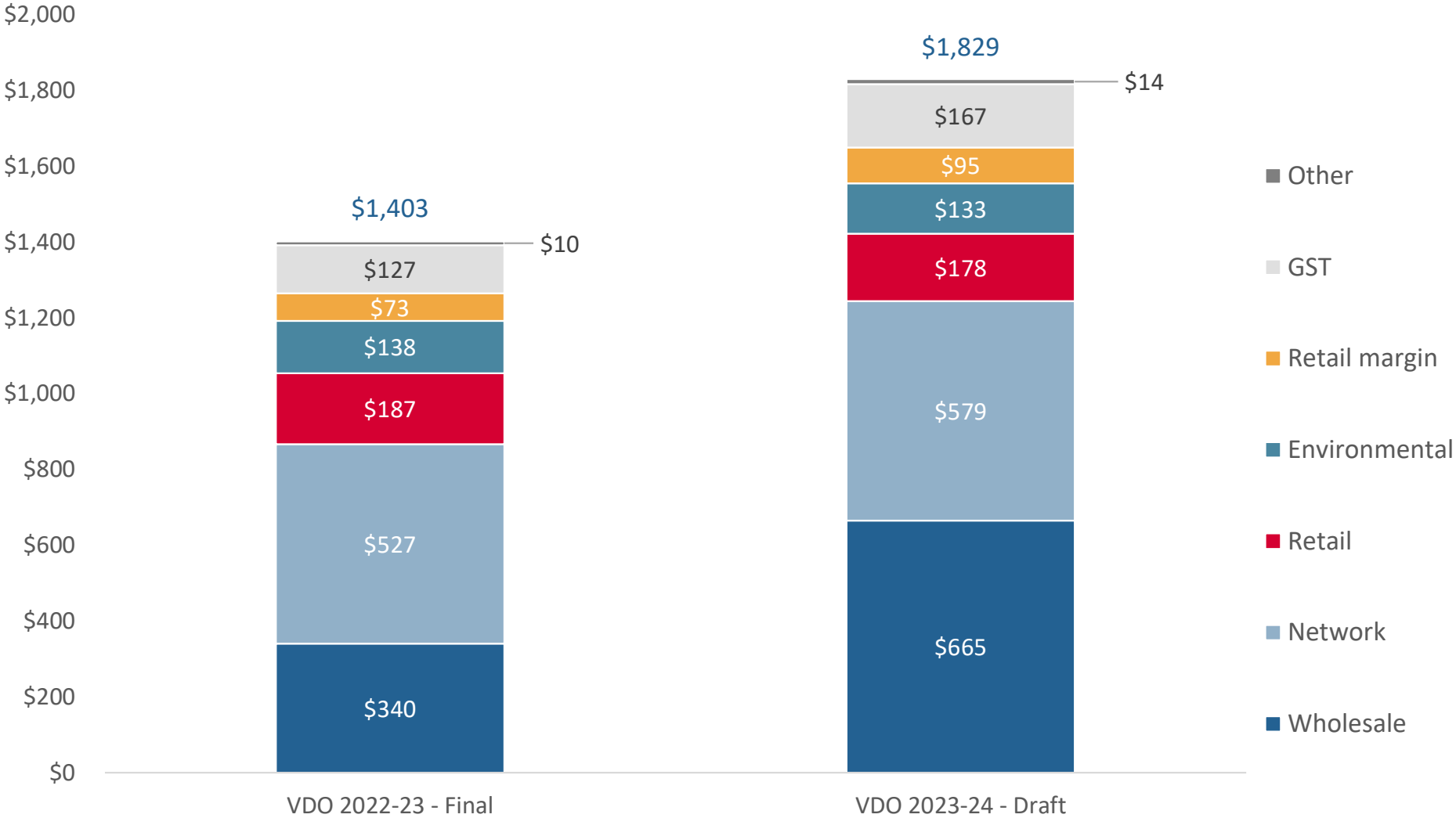
Cost component	Contribution to domestic bill increase
Wholesale	27.6%
Network*	4.4%
Retail	-0.8%
Environmental	-0.4%
Other	0.3%
Total	31%

* Assumed CPI

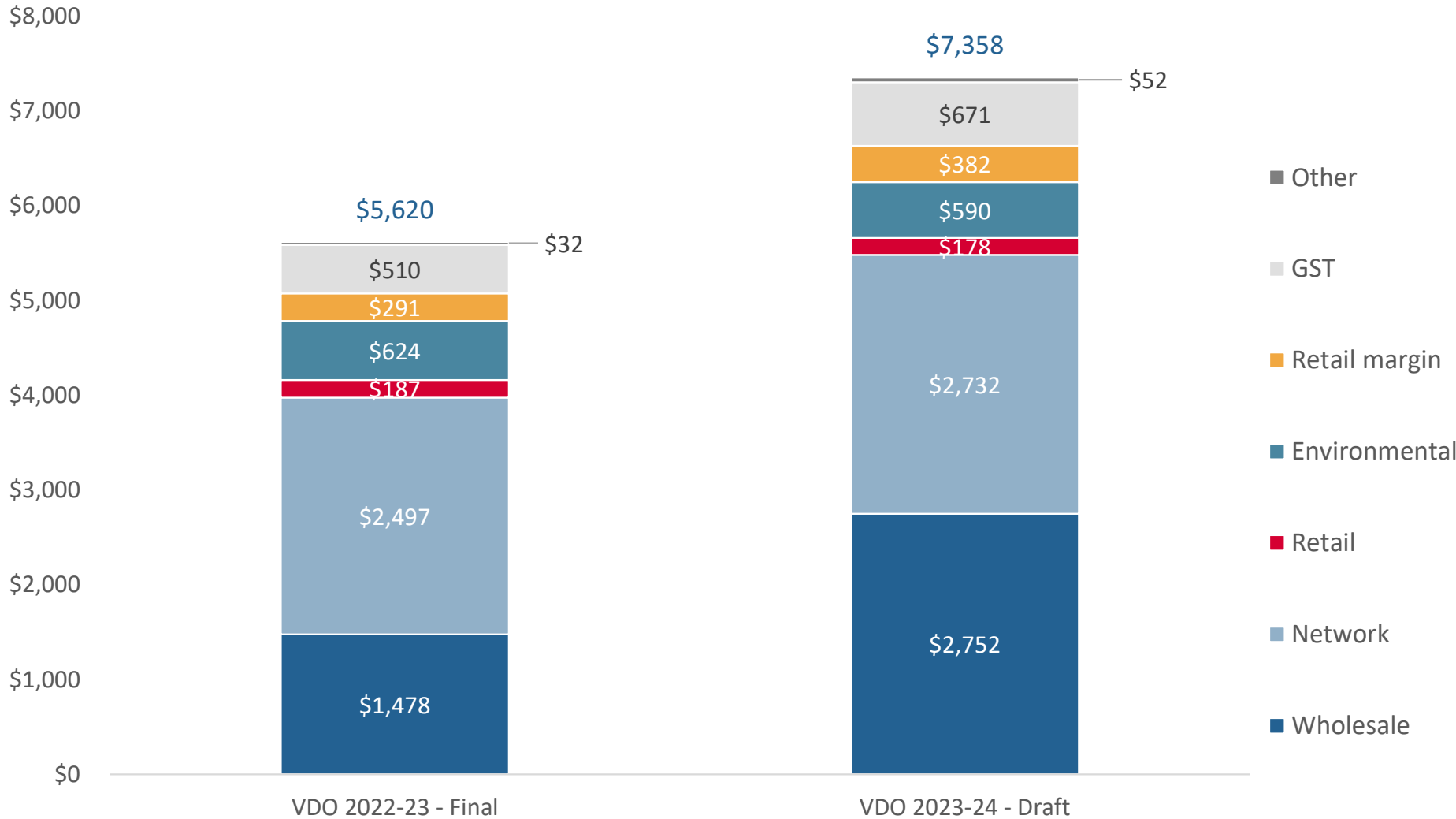
Proposed increases to 2023-24 Victorian Default Offer

- On average, across all five Victorian distribution zones:
 - Typical annual domestic bills would increase from \$1,403 to \$1,829, an increase of \$426 (31%)
 - Typical annual small business bills would increase from \$5,260 to \$7,358, an increase of \$1,738 (33%)
- Changes also include:
 - Retail operating costs now based on actual costs
 - Market intervention costs

Impact on domestic users with average (4,000kWh) annual consumption



Impact on small business users with average (20,000kWh) annual consumption



Supporting customers

- Recognise the impacts of these proposed increases amid a broader cost-of-living concerns.
- Support consumers to navigate the impacts of a volatile energy market.
- Uphold the rights and protections of energy consumers as the impacts of higher wholesale energy front of mind as market prices begin to flow through to retail markets and consumer energy bills.
- Use our full suite of regulatory tools to support and promote retailer compliance with critical safeguards in place to protect Victorian energy consumers.

Retailer obligations and compliance

- Obligations to support customers under the Energy Retail Code of Practice and payment difficulty framework.
- Best offer information on energy bill statements.
- Expectation that retailers work with customers to fulfill these obligations – uptake of concessions, help with utility relief grant obligations, referrals to other assistance.
- Key focus of our compliance and enforcement activities.
- Today's draft decision applies to Victorian Default Offer – changes in market offers should not be linked to the default offer.

Supporting customers

- Encourage customers to contact their retailer about payment plans, available concessions, rebates, grants.
- New round of Victorian Government Power Saving Bonus from 24 March, offering eligible households \$250 to help ease cost of living pressures, and encourage customers to compare energy offers (via Victoria Energy Compare website).
- Details of Federal Government support to come.

Next steps

Draft decision paper available on commission website:
[Victorian Default Offer price review 2023-24 | Essential Services Commission](#)

Consultation information and updates via the Engage Victoria website: www.engage.vic.gov.au

Next steps:

- 30 March 2023 – public forum
- 11 April 2023 – submissions on draft decision close
- By 24 May 2023 – final decision and determination
- 1 July 2023 – new Victorian Default Offer in effect

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SESSION COMPLETE

THANK YOU FOR YOUR ATTENDANCE

