

Victorian Default Offer 2023-24

Submission received via Engage Victoria on our draft decision on Victorian Default Offer 2023-24

Date submitted: 7 April 2023

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What are your views about our proposed approach to setting the 2023–24 Victorian Default Offer?

The rationale used for the retail margin does not align with restrictions being placed on government areas of operation including local government where rate capping restricts increases to a maximum of CPI. A flat percentage of all other costs where such increases are significant results in a windfall for retailers, the risk justifications applied do not measure in relation to increase and are further skewed by the quantum of increase proposed.

The wholesale cost increases on a market futures weighted index are concerning as they show little incentive for wholesalers to invest in technologies which utilise the small scale generation of roof top solar system and reduce transmission costs. Open acceptance of market forces as justification for increases does not apply any pressure to a reduction of these forces through new technology adoption. This is further exacerbated by the ongoing reduction in solar feed in tariffs.

What are your views about our proposed approach to retail operating costs?

As above, the methodology is flawed and is resulting in excessive margins for retailers. Increases in this area should be capped to a CPI or CPI + 1 margin.

What are your views about our proposed approach to market intervention costs?

A view can only be formed on this with estimation of future proposals to reduce charges should existing market intervention continue to drive down futures contracts. Existing proposals may not create an environment to support wholesale cost reductions.

What are your views about our proposed change of inputs for our wholesale cost forecasts?

Views reserved on this matter.

What are your views about our proposal to start our reviews with 'request for comment' papers?

Reviews are only as valid as the scope of views sought and communication undertaken to seek such views. Existing approaches to seeking feedback with limited advertising is significantly flawed and skewed to a predetermined outcome.

Are there any other matters the commission should look into?

Methodologies for seeking public input into pricing and measures to support more balanced pricing in transition to renewable energy sources.