

OFFICIAL



# Victorian Default Offer Price Determination 2022-23

1 July 2022 – 30 June 2023

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## 1. Purpose and reasons

- 1.1. This price determination is made by the Essential Services Commission (Commission) under section 33 of the Essential Services Commission Act 2001 (ESC Act) for the purpose of giving effect to the requirements of the Order in Council (Order) made under section 13 of the Electricity Industry Act 2000 (EI Act) and published in the Government Gazette No. S 208 on 30 May 2019, and specifically to the requirements of clause 10 of the Order.
- 1.2. The reasons for the making of this price determination are as set out in the final decision document published by the Commission on its website and cited as 'Essential Services Commission 2022, Victorian Default Offer 2022-23: Final Decision, 24 May 2022' (Final Decision).
- 1.3. In summary, this price determination regulates for each distribution zone in Victoria:
  - (a) the flat tariffs that a retailer must charge prescribed customers under any flat tariff standing offer during the regulatory period 1 July 2022 to 30 June 2023;
  - (b) the non-flat tariffs that a retailer must charge prescribed customers under a two period time of use tariff standing offer during the regulatory period 1 July 2022 to 30 June 2023; and
  - (c) the VDO compliant maximum annual bill amount (as defined in clause 10(2)(a)ii of the Order) for all other standing offers (non-standard standing offers) during that regulatory period.
- 1.4. It does so to give effect to the Final Decision and the objective of the Order that there be a simple, trusted and reasonably priced electricity option that safeguards consumers who are unable or unwilling to engage in the electricity retail market.
- 1.5. Unless expressly stated otherwise, terms defined in the Order have the same meanings in this price determination.
- 1.6. This price determination is to be cited as the 'Victorian Default Offer Price Determination 2022-23'.

## 2. Application period

- 2.1 This price determination takes effect on and from 1 July 2022 and, subject to amendment or revocation by the Commission, has effect until 30 June 2023.
- 2.2 If the Commission has not made a price determination for the next regulatory period on or before 30 June 2023, the provisions that apply to prescribed customers as set out in this determination will apply, and figures will be updated for inflation as specified in Equation 1, and these updated arrangements will then apply from 1 July 2023 and until the date on which a new price determination for the next regulatory period comes into effect.

### EQUATION 1

$$VDO_{k,July\ 2023}^i = \left[ VDO_{k,July\ 2022}^i \left( 1 + \left( \frac{CPI_{March\ 2023} - CPI_{March\ 2022}}{100} \right) \right) \right]$$

where:

VDO	Means a standing offer made available by a retailer under section 35 of the Act and in respect of which tariffs are regulated under this price determination.
i	Is the relevant distribution zones of the relevant licensed distribution company (AusNet Services, CitiPower, Jemena, Powercor or United Energy).
k	Is the relevant VDO price determination element, which can be the fixed flat tariffs referred to in clause 3, the fixed two part time of use tariffs referred to in clause 4 or the VDO compliant maximum annual bill amount referred to in clause 5, for the relevant prescribed customer in the relevant distribution zone.
$CPI_{March\ 2023}$	Is the All Groups, Australia (Original) CPI index for the March 2023 quarter as published by the Australian Bureau of Statistics in Cat. No. 6401.0, <i>Consumer Price Index, Australia</i> .
$CPI_{March\ 2022}$	Is the All Groups, Australia (Original) CPI index for the March 2022 quarter as published by the Australian Bureau of Statistics in Cat. No. 6401.0, <i>Consumer Price Index, Australia</i> .

### 3. Fixed flat tariffs

- 3.1 Subject to this price determination, the tariffs a retailer must charge a prescribed customer under any flat tariff or flat tariff plus controlled load standing offer, according to the distribution zone of the customer's supply point, are fixed at the amounts specified in Schedule 1 and Schedule 2.

## 4. Two period time of use tariffs

- 4.1 Subject to this price determination, if a retailer charges a domestic customer a tariff or tariffs under a standing offer that contains a two period time of use tariff as defined in clause 4.2, the tariffs a retailer must charge are fixed at the tariffs specified in Schedule 3.
- 4.2 A two period time of use tariff offered to a domestic customer means a tariff that comprises the following components:
- (a) a fixed daily supply charge;
  - (b) a fixed peak period usage charge, which applies from 3pm to 9pm every day
  - (c) a fixed off peak usage charge which applies at all other times; and
  - (d) a fixed controlled load usage charge (where applicable).
- 4.3 Subject to this determination, if a retailer charges a small business customer a tariff or tariffs under a standing offer that contains a two period time of use tariff as defined in clause 4.4, the tariffs a retailer must charge are fixed at the tariffs specified in Schedule 4.
- 4.4 A two period time of use tariff offered to a small business customer means a tariff that comprises three components:
- (a) a fixed daily supply charge;
  - (b) a fixed peak period usage charge which applies from 9am to 9pm on weekdays; and
  - (c) a fixed off peak usage charge which applies at all other times.

## 5. VDO compliant maximum annual bill amount – all other standing offer tariff types

5.1 Subject to this price determination, a retailer must not charge a prescribed customer a tariff or tariffs under a standing offer that contains:

- (a) a tariff that is not a flat tariff, or
- (b) any combination of a flat tariff and a tariff that is not a flat tariff,

and is not a two period time of use tariff referred to in clause 4.1 or clause 4.3, if that tariff or tariffs would produce an estimated annual electricity bill amount that would be higher than the VDO compliant maximum annual bill amount determined by the Commission in Schedule 5.

5.2 For all non-flat standing offer tariff types referred to in clause 5.1 (non-standard standing offers), the retailer must provide to the Commission by email to [VDO@esc.vic.gov.au](mailto:VDO@esc.vic.gov.au), and publish on the retailer's website, the tariffs and a representative profile of customer usage and related usage allocations, at the applicable annual reference consumption amount (ARCA) determined by the Commission in clause 5.5. For each such non-standard standing offer the representative profile of customer usage and related usage allocations must be reasonably representative of the profile of usage by customers on that tariff type over a 365-day period. These profiles must be provided to the commission and published no later than the day before the tariffs they relate to come into effect.

5.3 Such representative profile of customer usage and related usage allocations must be included in the retailer's notice of standing offers published on the retailers' website, in accordance with this determination, below the tariff information set out for that non-standard standing offer.

5.4 A retailer may only vary its tariffs or representative profile of customer usage and related usage allocations for non-standard standing offers, as may be required to give effect to a new price determination or variation of an existing price determination made by the commission in relation to standing offers, or as may be necessary to give effect to an Order in force under subsection 35(3AC) of the EI Act. Clause 5.2 and clause 5.3 will apply to any such variation.

5.5 The annual reference consumption amount (ARCA) for purposes of this clause 5 is:

- (a) for a domestic customer – 4,000 kWh per annum;



- (b) for a small business customer – 20,000 kWh per annum.
- 5.6 For the purpose of clause 5.5, the amount of electricity used by customers is to be assumed to be the same on each day of the year.
- 5.7 A retailer's estimated annual electricity bill for a non-standard standing offer must not exceed the applicable VDO compliant maximum bill amount specified in Schedule 5.
- 5.8 The retailer bill for a non-standard standing offer must be calculated:
  - (a) by selecting and apportioning the applicable ARCA according to the retailer's relevant published representative profile of customer usage and related usage allocations
  - (b) by applying the retailer's published tariffs for that non-standard standing offer to the ARCA (as apportioned)
  - (c) for an assumed supply period of 365 days,to produce an estimated annual electricity bill for that non-standard standing offer.

## 6. Variation of a price determination

- 6.1 The Commission may vary (by amendment or revocation) this price determination (a price determination variation) by a later price determination which gives effect to the amendment or revocation.
- 6.2 The circumstances under which the Commission in its discretion may consider and decide on a proposed variation, and relevant matters, are as follows:

<p><b>Circumstance</b></p>	<p><b>Matters to which the Commission may have regard when considering whether an event or circumstance is sufficiently material to warrant a proposed price determination variation</b></p>
<p>1. An event occurs or a circumstance arises outside the control of retailers within the regulatory period, that was unforeseen or sufficiently uncertain as to not have been taken into account at the making of this price determination, and the impact of that event or circumstance on the efficient costs of the sale of electricity by retailers calculated by the Commission for purposes of determining the tariffs specified in Schedules 1 to 5, is generally assessed by the Commission, in its discretion, to be material.</p>	<p>The Commission would have regard to:</p> <ul style="list-style-type: none"> <li>• the timing, duration and magnitude of the event or circumstance;</li> <li>• the extent of the impact (positive or negative) on efficient costs calculated by the Commission for purposes of determining the tariffs specified in Schedules 1 to 5;</li> <li>• the extent of the impact (positive or negative) on the tariffs specified in Schedules 1 to 5;</li> <li>• the general extent of the impact on prescribed customer annual bills;</li> <li>• the capacity of retailers to manage the impact until the commencement of the next regulatory period;</li> <li>• the costs and benefits to retailers and prescribed customers of a proposed price determination variation;</li> </ul>

	<ul style="list-style-type: none"> <li>• the objectives and requirements of the Order; and</li> <li>• any other matter that the Commission considers relevant and appropriate.</li> </ul> <p>The Commission will assess the materiality of the event or circumstance on a sector wide basis and is not obliged to have regard to any matter or impact which is specific to one or a small group of retailers only.</p>
<p>2. The Commission discerns that there was a clerical error, miscalculation, misdescription or other deficiency in this determination, or in the preparation of it (including false or misleading information having been supplied to the Commission), and this is generally assessed by the Commission, in its sole discretion to be material.</p>	<p>The Commission would have regard to the matters set out above in relation to item 1.</p>
<p>3. The Commission discerns that a price determination variation is necessary or desirable to avoid an unintended consequence of this price determination</p>	<p>The Commission would have regard to the matters set out above in relation to item 1.</p>

6.3 If proposing to amend or revoke this price determination, subject to clause 6.5, the Commission will issue a draft decision and publish a notice on its Internet site which comprises:

- (a) a copy of the draft decision;
- (b) the reasons for the draft decision; and
- (c) an invitation to interested and affected parties to make submissions to the Commission in relation to the draft decision before a date specified in the notice.

- 6.4 The Commission will consult retailers and other relevant stakeholders on the draft decision, as the Commission determines reasonable and appropriate, having regard to its Charter of Consultation and Regulatory Practice (as current at the time).
- 6.5 The Commission may amend or revoke this price determination without following the process of consulting outlined above if the Commission considers:
- (a) the amendment or revocation of this price determination is not sufficiently material to warrant consultation; or
  - (b) the need to effect the amendment or revocation is sufficiently urgent to make consultation impracticable.
- 6.6 If the Commission decides not to follow the process and undertake the consultation outlined above, it will provide reasons for the decision and will make them available to interested and affected parties.

## SCHEDULE 1

Victorian default offer fixed flat tariffs for general usage and general usage + controlled load usage – domestic customers for period from 1 July 2022 to 30 June 2023

Charges inclusive of GST

Distribution zone	Supply charge (\$ per day)	Usage charge structure	Usage charge (not controlled load) (\$ per kWh)	Usage charge: controlled load (\$ per kWh)
AusNet Services	\$1.2994	<ul style="list-style-type: none"> <li>Block 1 (up to 1020 kWh during a quarter)</li> <li>Block 2 (&gt; 1020 kWh during a quarter)</li> </ul>	\$0.2893  \$0.3070	\$0.1962
CitiPower	\$1.1623	Anytime	\$0.2170	\$0.1566
Jemena	\$1.1577	Anytime	\$0.2322	\$0.1761
Powercor	\$1.3102	Anytime	\$0.2333	\$0.1656
United Energy	\$1.0753	Anytime	\$0.2327	\$0.1631

## SCHEDULE 2

### Victorian default offer fixed flat tariffs for general usage for period from 1 July 2022 to 30 June 2023 – small business customers

Charges inclusive of GST

Distribution zone	Supply charge (\$ per day)	Usage charge structure	Usage charge (\$ per kWh)
AusNet Services	\$1.2994	<ul style="list-style-type: none"> <li>Block 1 (up to 1020 kWh during a quarter)</li> <li>Block 2 (&gt; 1020 kWh during a quarter)</li> </ul>	\$0.3308 \$0.3663
CitiPower	\$1.3860	Anytime	\$0.2166
Jemena	\$1.3087	Anytime	\$0.2468
Powercor	\$1.4380	Anytime	\$0.2333
United Energy	\$1.2191	Anytime	\$0.2279

## SCHEDULE 3

### Victorian default offer two period time of use tariffs – domestic customers

Charges inclusive of GST

Distribution zone	Supply charge (\$ per day)	Peak charge (\$ per kWh)	Off peak charge (\$ per kWh)	Usage charge: controlled load (\$ per kWh)
AusNet Services	\$1.2994	\$0.4081	\$0.1965	\$0.1962
CitiPower	\$1.1623	\$0.3021	\$0.1735	\$0.1566
Jemena	\$1.1577	\$0.2967	\$0.1823	\$0.1761
Powercor	\$1.3102	\$0.3268	\$0.1855	\$0.1656
United Energy	\$1.0753	\$0.3251	\$0.1831	\$0.1631

#### **Note to Schedule 3:**

1. The peak usage charge applies from 3pm to 9pm (local time) every day. The off peak usage charge applies at all other times.

## SCHEDULE 4

### Victorian default offer two period time of use tariffs – small business customers

Charges inclusive of GST

Distribution zone	Supply charge (\$ per day)	Peak charge (\$ per kWh)	Off peak charge (\$ per kWh)
AusNet Services	\$1.2994	\$0.3521	\$0.1817
CitiPower	\$1.3860	\$0.2785	\$0.1575
Jemena	\$1.6514	\$0.2848	\$0.1548
Powercor	\$1.4380	\$0.3138	\$0.1668
United Energy	\$1.2191	\$0.2960	\$0.1601

#### **Note to Schedule 4:**

1. The peak usage charge applies from 9am to 9pm (local time) weekdays. The off peak usage charge applies at all other times.



## SCHEDULE 5

Indicative Victorian default offer compliant maximum annual bill amount, by distribution zone, for non-standard standing offers referred to in clause 5.

Compliant maximum annual bill amounts inclusive of GST.

Distribution zones	VDO compliant maximum annual bill amount – domestic customers (4,000 kWh usage; annual bill calculated using VDO Two Period Time of Use Tariffs – domestic customers)	VDO compliant maximum annual bill amount – small business customers (20,000 kWh usage; annual bill calculated using VDO Two period Time of Use Tariffs – small business customers)
AusNet Services	\$1,540	\$5,779
CitiPower	\$1,288	\$4,842
Jemena	\$1,303	\$4,973
Powercor	\$1,407	\$5,302
United Energy	\$1,313	\$4,979

### Notes to Schedule 5:

#### 1. For domestic customers

The peak and off peak electricity supply periods and the representative profile of customer of usage of electricity within these periods that have been used by the commission to determine the above VDO compliant maximum annual bill amounts for domestic customers is the following (all times are in local time):

Compliant maximum annual bill (for all distribution zones) – domestic customers	Representative profile of customer usage	
	Peak period (3pm - 9pm everyday)	Off peak (All other times)
	0.33	0.67

**2. For small business customers**

The peak and off peak electricity supply periods and the representative profile of customer of usage of electricity within these periods that have been used by the commission to determine the above VDO compliant maximum annual bill amounts for small business customers is the following (all times are in local time):

Compliant maximum annual bill (for all distribution zones) – small business customers	Representative profile of customer usage	
	Peak period (9am - 9pm weekdays)	Off peak (All other times)
	0.49	0.51

**THE COMMON SEAL** of the **ESSENTIAL SERVICES COMMISSION** was affixed to this price determination with the authority of the Commission on the 24<sup>th</sup> day of May 2022:



A handwritten signature in blue ink, appearing to be "Kate Symons".

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**Kate Symons**  
**Chairperson**