

3 February 2022

Ms Kate Symons  
Chairperson  
Essential Services Commission  
Level 37, 2 Lonsdale Street,  
Melbourne VIC 3000.

Submitted via email: [VDO@esc.vic.gov.au](mailto:VDO@esc.vic.gov.au).

Dear Ms. Symons

### **Essential Services Commission (ESC) 2022 – 2023 Victorian Default Offer (VDO)**

Thank-you for the opportunity to provide a submission regarding the 2022-23 Victorian Default Offer.

Momentum Energy Pty Ltd (Momentum) is an Australian operated energy retailer, owned by Hydro Tasmania, Australia's largest producer of renewable energy. We pride ourselves on providing competitive pricing, innovation and outstanding customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT and on the Bass Strait Islands. We also retail natural gas to Victorian customers. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services.

In the absence of an ESC consultation document covering the 2022-23 VDO determination we provide specific comment regarding a few of the VDO cost components as follows:

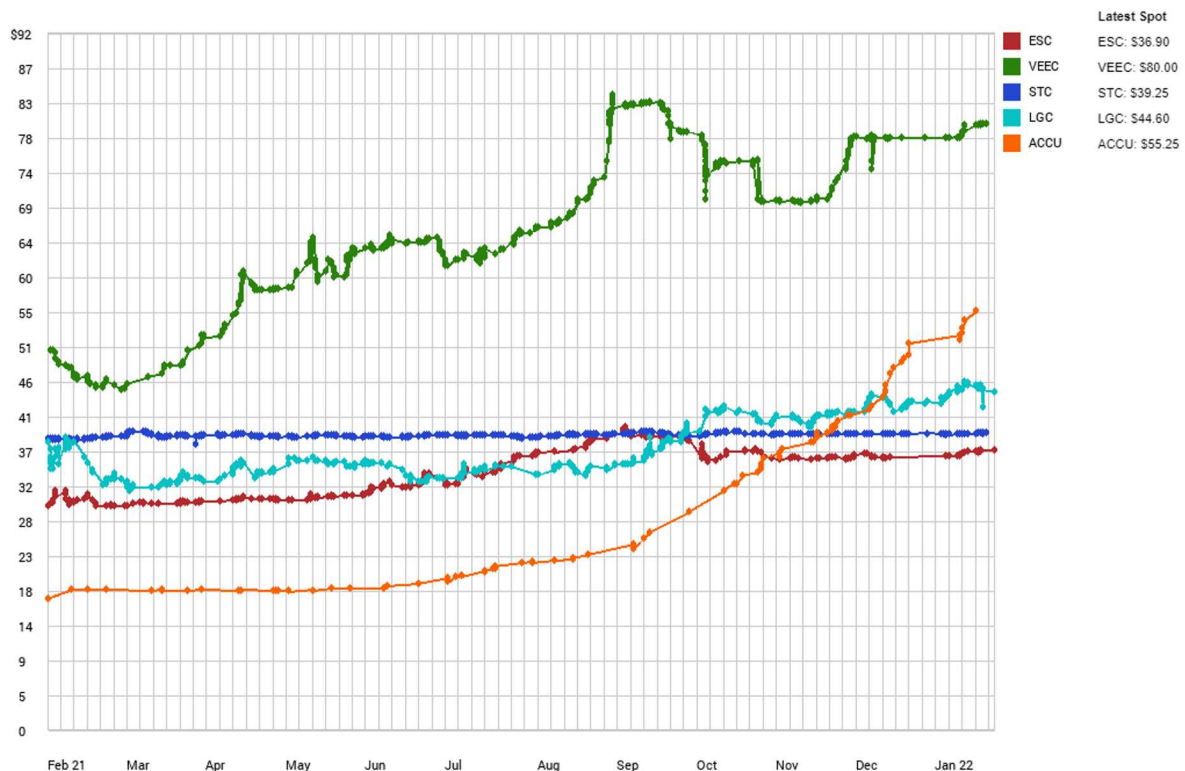
#### **1. Wholesale Electricity Prices**

We understand from the 1 January 2022 VDO Final Decision that the approach taken to determine the wholesale electricity prices for 2021-22 VDO period will remain the same for the 2022-23 VDO period and that the average wholesale costs over the 12 month forecast period will be used. We support consistency in this methodology.

## 2. Environmental – Victorian Energy Upgrade Costs

We support the approach taken to increasing the allowance for the trade weighted average price for Victorian Energy Efficiency Certificates (VEEC) in the 1 January 2022 VDO Final Decision. The average price was increased by 27% to \$56.94 following peak prices for VEECs of over \$83 in September 2021. These higher prices have continued through to January 2022 as shown in the Spot Prices Renewable Certificates chart<sup>1</sup> below where prices are currently around \$80. There does not appear to be any relief to this trend of higher VECC prices, regardless of the minor changes to the scheme introduced by the Victorian Department for Environment Land, Water and Planning in late 2021. The persistent COVID related property access issues and the steady reduction in readily available sites suitable for non-complex certificate activities continues to increase the costs for contract certificate providers. Therefore we believe that the average allowance for VEECs should be increased significantly.

### Spot Prices



Spot Prices Renewable Certificates

## 3. Retail Operating Costs – Customer Data Right

In our submission to the 1 January 2022 Draft VDO decision we provided details of initial costs we had forecast for the planning and assessment of the system changes required to implement the Customer Data Right (CDR) regulatory change. The ESC

<sup>1</sup> Demand Manager Spot Prices <https://www.demandmanager.com.au/certificate-prices/> 31 January 2022

acknowledged our request but failed to allow any CDR costs for that VDO decision. We are required to meet our obligations outlined in the Energy CDR rules by 1 November 2023 for non-complex customers and by 1 May 2024 for complex customers. To ensure compliance with this regulatory change we estimate that we will incur costs of around \$ [REDACTED] in the 2022-23 VDO period. Given the significance of this cost for all retailers, we strongly believe that such regulatory change costs should be included in this VDO determination. These costs cover system developers, software, consultants, testing, business analysis, solution architecture, compliance review and project management.

Momentum is strongly of the view that these VDO cost component issues should be included in the 2022-23 VDO in order for the industry to remain confident that the VDO price is reflective of the accurate costs of all of the components required to service and supply electricity to our Victorian customers.

Should you require any further information regarding this submission, please don't hesitate to contact me on 0478 401 097 or email [randall.brown@momentum.com.au](mailto:randall.brown@momentum.com.au)

Yours sincerely

[Signed]

Randall Brown  
Regulatory Manager