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Victorian Default Offer amendment to price determination 2021: Draft decision

AGL would like to respond to the *Victorian Default Offer amendment to price determination 2021: Draft decision* (Draft Decision) released by the Essential Service Commission (ESC) on the 25 June 2021.

AGL has previously agreed with the ESC's proposal to vary the 2021 Victorian Default Offer (VDO) to pass through network costs, although the further delay to 1 September 2021 is regrettable.

The remaining concern is how retailers will be able to recover the increased network costs from the 1 July to 31 August period that are not reflected in the current VDO prices.

AGL's preference is for the variation on 1 September to be a transparent pass-through of the change in network prices and would therefore support the under-recovery of network costs be reflected in the next regulatory period, starting 1 January 2022.

All elements of the VDO prices will be considered then and this deferral will provide the ESC the time and actual data on consumption in July and August to more effectively calculate the under-recovery, including incorporating the time value of money. This under-recovery would then be averaged over the following 6-month period.

Should you have any questions in relation to this submission, please contact me on (03) 8633 6207 or Patrick Whish-Wilson on (02) 9921 2207.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Elizabeth Molyneux'.

Elizabeth Molyneux
GM of Policy and Market Regulation