



25 May 2021

Mr Aaron Yuen
Essential Services Commission
Level 37, 2 Lonsdale Street Melbourne VIC 3000

By electronic lodgment – www.engage.vic.gov.au

Dear Aaron

Next steps for the Victorian Default Offer

Alinta Energy welcomes the opportunity to respond to the Essential Services Commission's consultation paper on the variation of the 2021 Victorian Default Offer to account for changes to network tariffs and their structure.

We support the ESC's proposed approach to varying the current VDO determination. We understand that the variation will take effect from 1 August 2021. However, Alinta Energy is very concerned that the ESC has only provided an indicative date of June/July for the final decision in the consultation paper, potentially shortening the period historically granted to retailers for implementation.

While we support, in principle, the proposed 1 August effective date, we only do so on the basis that the ESC to make a final determination on the variation to the VDO by no later than **25 June 2021**. Beyond this date, the ability for retailers to implement changes and provide timely notification of impacts to their customers will be problematic.

To achieve this timeframe, the VDO should be updated, and the new two-part time of use VDO modelled with the proposed (but not approved) tariffs published by the Australian Energy Regulator. The proposed tariffs are expected to be available before the end of May 2021. It appears from the consultation paper that the ESC intends to adopt such an approach with a draft variation determination date of 9 June 2021.¹

Once the final network tariffs for 2021-22 are approved by the AER (in mid-June), the ESC will have close to two working weeks to update its variation to a final version. If the ESC delays the final decision beyond 25 June 2021, the effective date should be delayed by a corresponding period.

Making a variation to the VDO in this way would be consistent with timeframes previously managed by retailers (and proposed by the ESC for the 2022 VDO) and provide the time required to communicate changes accurately and with sufficient notice to customers - including new obligations for customers re-assigned to the new two-part TOU tariff.

¹ Essential Services Commission (2021), Next steps for the Victorian Default Offer - Consultation on our approach to network tariff reforms and determination process, page 6.

We welcome further discussion with the ESC as it works towards finalising its variation. Please contact David Calder on (03) 9675 5359 in the first instance.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'G. Hamilton', is positioned below the text 'Yours sincerely'.

Graeme Hamilton

General Manager, Regulatory & Government Affairs