



25 May 2021

Ms Kate Symons
Chair
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne Victoria 3000

Email: VDO@esc.vic.gov.au

Dear Ms Symons

RE: Next steps for the Victorian Default Offer – Consultation Paper

Origin Energy (Origin) appreciates the opportunity to provide a submission in response to the Essential Services Commission's (ESC) proposed variation to the 2021 Victorian Default Offer (VDO) as part of the Next steps for the Victorian Default Offer consultation.

Origin strongly supports the ESC's decision to vary the current VDO price determination to reflect the AER's final decision on network tariff structures and prices. This includes updating the flat VDO tariff to reflect the new AER approved rates for flat network tariffs and the introduction of a new time of use tariff VDO to align with the new default time of use network tariffs.

We agree that the impact of the change in network prices is not sufficient to warrant a re-opening of the current VDO. Further, we consider that the ESC's ability to re-make the current determination and recalculate all cost parameters would be potentially compromised by the shortened time frame required to complete the exercise. Accordingly, we consider that the proposal to vary rather than remake the current VDO determination represents a pragmatic approach under the circumstances.

We consider that introducing a new time of use VDO to align with network tariff structures is a positive outcome and preferable to the existing compliant maximum annual bill arrangements. This should provide for a simpler, consistent, and more transparent tariff offer for customers and a simpler process for retailer compliance. We also agree with the ESC's proposal to use a new compliant maximum annual bill arrangement based on the time of use network tariff is appropriate for other non-flat tariff standing offers

The proposal for the variation to take effect from 1 August is practical in terms of aligning with the timing for changes to market offers. However, this timeframe is nevertheless very tight for retailers to integrate the new TOU VDO tariff into their billing systems.

If you have any questions regarding this submission, please contact Gary Davies in the first instance at gary.davies@originenergy.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read "Sean Greenup".

Sean Greenup
Group Manager Regulatory Policy