

Victorians could save on default offer price

Victorian small business and residential customers on a default electricity offer could see their annual bills reduced, under a proposal by the state energy regulator.

In a draft decision released today by the Essential Services Commission, the Victorian default offer set by the regulator would fall by nine per cent or around \$575 a year on average for small business, and seven per cent or around \$105 per year for households.

Commission pricing director Marcus Crudden says the proposed reduction to the default offer is based on falling wholesale electricity prices.

“Our analysis shows the cost of purchasing wholesale electricity has fallen and we believe this should be passed onto consumers to save on their energy bills,” he said.

The actual impact on the final default offer may change based on feedback from stakeholders during consultation and updates to the market-based data including fluctuations in wholesale costs.

The Victorian default offer was introduced in 2019 as a simple, trusted and fair priced option for electricity for customers who are unwilling or unable to engage in the energy market. Set by the independent regulator, the default offer arose from reforms introduced by the Victorian Government following a [bipartisan review of Victoria’s electricity market](#).

The commission is encouraging all interested stakeholders to have their say on the draft decision through [Engage Victoria](#) for five weeks.

Mr Crudden says the decision has taken on board feedback on a consultation paper released earlier this year.

“A number of submissions noted uncertainties about the impact of the coronavirus pandemic on Victorian consumers and retailers and we are seeking updated information from stakeholders to inform our final decision.

“We are mindful of the risks facing retailers at the moment and at the same time, we need to set a reasonable price that reflects the efficient costs of delivering retail electricity to customers,” he said.

Interested stakeholders can attend a virtual public forum on the draft decision in October, details will be published on [Engage Victoria](#).

For further information call: Clayton Bennett, Senior Communication Adviser, 0447 933 140