

Victorians to save on default electricity price

Falling wholesale electricity prices mean Victorian households and small business customers on a default electricity offer will see their annual bills reduced from 1 January 2021.

In a final decision released today by the state's economic regulator, the Victorian default offer will fall by 10 per cent or \$159 a year on average for households, and 14 per cent or \$916 a year on average for small businesses.

Essential Services Commission pricing director Marcus Crudden says the decision will provide bill relief to around 125,000 households and 40,000 small businesses.

"The fall in the default offer is being mainly driven by lower wholesale electricity purchase costs, with lower prices likely to assist many Victorian households and small businesses in recovering from the impacts of the coronavirus pandemic," he said.

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 Essential Services Commission, the default offer arose from reforms introduced by the Victorian Government following a [bipartisan review of Victoria's electricity market](#).

Mr Crudden says the commission's decision considered all feedback from stakeholders.

"While most costs that make up the default offer price are falling, we have temporarily increased the allowance for bad debts following our careful assessment of information retailers provided us in response to our September draft decision," he said.

The commission's decision also applies to an additional 140,000 customers in embedded networks, such as those in apartment buildings and caravan parks.

Last week, the commission launched a [new campaign](#), encouraging customers to call their retailer if they're worried about energy bills.

The campaign highlights the protections embedded in the state's [payment difficulty framework](#) which requires retailers to offer a range of flexible payment options, as well as putting debt on hold for six months for customers who can't pay for their ongoing usage.

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