



GloBird Energy Pty Ltd  
ABN 68 600 285 827  
85 Maroondah Hwy, Ringwood, VIC 3134  
PO BOX 398, Ringwood, VIC, 3134  
[globirdenergy.com.au](http://globirdenergy.com.au)  
133 456

7 April 2025

Essential Services Commission  
Level 8, 570 Bourke St  
Melbourne VIC 3000

Submitted via: [www.engage.vic.gov.au](http://www.engage.vic.gov.au)

Dear Commissioners,

**RE: Victorian Default Offer 2024-25 – Request for Comment Paper**

GloBird Energy (**GloBird**) welcomes the opportunity to provide feedback on the Essential Services Commission's (**ESC**) Victorian Default Offer 2025-26 Draft Decision Paper.

GloBird is a leading independent electricity and gas retailer with over 200,000 residential and small business customers across Victoria, New South Wales, Queensland and South Australia. We provide highly competitive retail offer to our customers and have secured various awards for outstanding value and customer satisfaction in the highly competitive retail energy market.

The business continues to drive customer and retail product innovations as well as well as progressing the development of various grid-scale solar-PV/battery generation projects.

In this submission, GloBird would like to specifically comment on:

**whether there is a need to account for wholesale electricity cost of customers' export should be accounted for in the Victorian Default Offer and how this could be done.**

Firstly, this issue comes about because, in GloBird's opinion, calculating wholesale electricity cost based on gross load (imports only) instead of net load (accounting for rooftop solar exports) complicates the process through necessitating two pricing determinations to be undertaken (one for imports and one for exports) whereas, by using the net load, the wholesale impact of customers' exports would have been captured in the one calculation. In addition, high & extreme wholesale price events are often correlated to the time when there is insufficient amount of solar generation. This means solar customers are more likely to consume electricity from the grid during those events. Further, given the intermittent nature of solar generation, a prudent retailer manages its high price event exposure by assuming no solar generation. For a solar customer with the same maximum demand as a non-solar customer, the solar customer generally has a lower average demand across the year compared to the customer without solar PV, making the solar customer's load profile peakier than a non-solar customer. Therefore, the retailer would incur a higher wholesale risk management cost, as a portion of the WEC associated with solar customers, than that cost associated with non-solar customers.

This highlights the issue of equity between those with and without solar PV created by the single rate VDO that applies to both solar and non-solar customers. Those with solar PV are therefore more likely to favour the single flat tariff provided by the VDO and continue to consume at times of peak system load (which is a material driver of overall cost to all). It further challenges the assumption of a homogenous customer group when there are clearly at least two very different customer cohorts. In GloBird's view non-solar customers should not subsidise solar customers.

GloBird recognises that under the prevailing law it is not possible to have two VDO determinations – one for solar and one for non-solar customers. Therefore, it is imperative that the impact on retailers' wholesale cost,

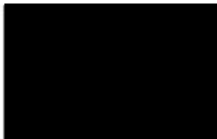
through buying from customers at the wholesale value calculated from the minimum FIT and selling back to wholesale at a negative value, is accounted for.

The negative solar generation value may be calculated through determining the expected amount of customer exports sold and the expected wholesale price when this occurs. A simple, logical and reasonable (although not perfect) suggested approach would be to reference the price of LGCs. Typically, when there is excess rooftop solar, prices are negative. Large scale renewable plant tends to offer in their generation at / around the negative prevailing LGC price. This results in the net revenue received (electricity + LGC) being breakeven.

We submit that the ESC should calculate two separate WECs, one for solar and one for non-solar customers and then derive a weighted average WEC. Further, we suggest that the ESC allows the compulsory reassignment of all solar PV customers onto TOU tariff to better reflect the solar customer's actual load profile and underlying cost.

If you have any questions about this submission, please contact Nabil Chemali, Senior Manager Regulation & Commercial, at [REDACTED]

Yours sincerely



John McCluskey  
Executive Manager  
GloBird Energy