

## **SUBMISSION TO THE VICTORIAN GOVERNMENT ENERGY POLICY REVIEW**

Thank you for the opportunity to provide this submission.

Firstly, I would like to clarify that I am making this submission in my capacity as a consumer, not as a supplier or distributor. I also wish to commend the Victorian Government for providing the Energy Compare website. This resource has undoubtedly saved me, and thousands of other Victorians, countless hours of frustration by simplifying the process of finding energy plans tailored to our needs and budgets.

### **Background to My Submission**

Before addressing the issues of concern, I would like to outline the reasons behind my submission. Five years prior to retiring, I proactively sought ways to reduce my financial outlays in preparation for retirement. I chose to install a solar energy system and over the subsequent years, made further changes to my home to minimize my energy consumption wherever financially feasible.

Initially, the feed-in tariff (FIT) offered a meaningful offset to energy costs. However, the FIT has declined significantly in recent years. This reduction has forced me to make difficult decisions, such as turning off my heating during winter and relying on blankets and thermal clothing to stay warm.

According to data from the Australian Energy Regulator (2020), the typical Victorian household uses approximately 4,615 kWh of electricity annually. Using the current Victorian Default Offer (VDO) feed-in tariff, I would need to generate and feed in 31,270 kWh annually to fully offset my energy costs. This would require feeding in over 6.78 kWh for every kilowatt consumed - an unattainable goal for any household.

Moreover, the disparity between what energy companies pay for solar feed-in (3.3 cents per kWh) and what they charge consumers for usage (22.36 cents per kWh in my case) is glaring. This sixfold price differential raises serious questions about fairness and transparency in the energy market.

### **Concerns About Market Competition**

The structure of the energy market also warrants scrutiny. Many energy retailers operate under the same parent company, undermining true competition. For example:

- **LUMO, SUMO, and RED Energy** are owned by Snowy Hydro Scheme.
- **OVO Energy** is owned by AGL.
- **TANGO Energy and Pacific Blue** are owned by China's State Power Investment Corporation.

Furthermore, four of the five Victorian energy distributors are foreign owned:

- **CITIPOWER and POWERCOR** are collectively owned by CK Infrastructure Holdings Ltd and Power Asset Holdings Ltd, part of the Cheung Kong Group.

- **Jemena** is owned by State Grid Corporation of China (60%) and Singapore Power (40%).
- **United Energy** is primarily owned by CK Infrastructure Holdings Ltd (66%), with the remaining stake held by SGSP (Australia) Assets Pty Ltd, a subsidiary of the State Grid Corporation of China.

This concentration of ownership raises concerns about the impartiality of recommendations made to this Commission. I urge the Commission to weigh these dynamics carefully when evaluating submissions.

### **Recommendations**

1. **Differentiated Cost Structures:** The Victorian Default Offer (VDO) should account for the distinct usage patterns of residential and small business customers. Business energy requirements differ significantly from residential use, and their costs should be calculated separately and equitably—without adversely impacting either group.
2. **Improved Notice Periods:** The current requirement for energy providers to give only five business days' notice for changes is inadequate. Consumers need sufficient time to explore alternative suppliers and make informed decisions. A more reasonable notice period, such as 21 days, would better support consumer choice.
3. **Support for Solar Adoption:** The declining feed-in tariffs disincentivize solar installations, posing a risk to Australia's 2035 carbon neutrality targets. Stronger incentives and fairer compensation structures are necessary to encourage renewable energy adoption and align with national sustainability goals.
4. **Feed-In Tariff:** That the current feed-in tariff is not lowered any further than it currently is.

### **Broader Issue**

- Greater oversight is required to ensure that energy distributors and retailers act transparently and in the best interests of consumers.
- While I did intend to address the other questions you raised on your submission page, I regret that I do not possess the necessary knowledge or expertise to provide a meaningful recommendation or suggestion on them.

Thank you for considering these issues and recommendations. I trust the Commission will take the necessary steps to ensure that this and future energy policies prioritize fairness, transparency, and sustainability for all affected by the outcomes.

Respectfully,

*Paul W.*