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**Essential Services Commission**  
**Level 37, 2 Lonsdale Street**  
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Online via: <https://engage.vic.gov.au>

**25 May 2021**

***Next steps for the Victorian Default Offer***

AGL would like to respond to the *Next steps for the Victorian Default Offer – consultation on our approach to network tariff reforms and determination process* (Consultation paper) released by the Essential Service Commission (ESC) on the 14 May 2021.

The ESC proposes to vary the current 2021 VDO price determination to reflect the AER's final decision on Victorian network tariff structures and prices. AGL is supportive of this approach rather than the revoking of the current determination.

AGL also agrees with the scope of the variation as outlined in the Consultation paper, namely that the ESC:

- Update the flat VDO tariff to reflect the new AER approved network prices;
- Introduce a new time of use VDO tariff, calculated using the new time of use network tariff structure and prices but with all other cost components unchanged from the current price determination; and
- Update the compliant maximum annual bill to be based on the new time of use VDO tariff rather than the flat tariff VDO rates.

Network prices are likely to increase from 1 July 2021 so AGL would prefer to see the variation come into effect from that time but given the time constraints, believes an effective date no later than 1 August 2021 is a reasonable option. However, AGL would encourage the ESC to ensure that:

- its draft determination is released by the 9 June 2021 and include the most updated price information and load profiles to enable retailers to prepare for the changes; and
- it coordinates with the AER so that final VDO prices can be confirmed as soon as network prices are approved.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Elizabeth Molyneux'.

Elizabeth Molyneux  
GM of Policy and Market Regulation