

24 May 2021

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

Lodged via EngageVictoria

Dear Commissioners,

**Re: Next steps for the Victorian Default Offer – consultation on approach to variation of 2021 VDO**

Simply Energy welcomes the opportunity to provide feedback on the Essential Services Commission's (Commission) approach to varying the current Victorian Default Offer (VDO) determination to reflect the Australian Energy Regulator's (AER) final decision on network tariff structures and prices.

Simply Energy is a leading energy retailer with over 750,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

**The 2021 VDO determination should reflect the upcoming network tariff change**

Simply Energy supports the Commission's proposal to vary the 2021 VDO determination to reflect the AER's approved network tariffs to apply from 1 July 2021. The Commission's proposal aligns with the process it set out in the final 2021 VDO decision in November 2020.

Simply Energy also supports the variation taking effect from 1 August 2021 rather than 1 July 2021. The additional month will provide retailers with sufficient time to update their standing offer prices, publish notices in the Government Gazette, and notify their customers of the change. Simply Energy agrees with the Commission's view that there is benefit in the variation date being aligned with the date that retailers are permitted to increase their market offer prices.

**It is appropriate to introduce a ToU VDO to reflect the two-part ToU network tariffs**

Simply Energy supports the Commission's proposal to introduce a new two-part time-of-use (ToU) VDO. This proposal is appropriate because the two-part ToU network tariff will be consistent across all Victorian distribution businesses and will be the default ToU tariff for all small customers going forward. The introduction of a two-part ToU VDO will simplify compliance for retailers and will also ensure that the specific VDO tariffs are transparent and consistent across all retailers.

**The compliant maximum annual bill should be retained to cover all other potential price structures**

While the introduction of a two-part ToU VDO will largely make the 'compliant maximum annual bill' redundant, Simply Energy supports its retention in the short-term to allow retailers to maintain any standing offers that have a different structure to the flat VDO and two-part ToU VDO.

Simply Energy also supports the 'compliant maximum annual bill' being based on the annual price of the two-part ToU VDO, as this concept relates to non-flat tariff energy plans rather than flat tariff energy plans.

### Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at [matthew.giampiccolo@simplyenergy.com.au](mailto:matthew.giampiccolo@simplyenergy.com.au)

Yours sincerely

A handwritten signature in black ink that reads "James Barton". The signature is written in a cursive style with a large, prominent initial "J".

**James Barton**  
General Manager, Regulation  
Simply Energy