

8 January 2021

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

Via EngageVictoria

Dear Commissioners,

Re: Minimum electricity feed-in tariff to apply from 1 July 2021 – draft decision

Simply Energy welcomes the opportunity to provide feedback on the draft decision for the minimum electricity feed-in tariff to apply from 1 July 2021.

Simply Energy is a leading energy retailer with over 730,000 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.

Minimum feed-in tariff from 1 July 2021

Simply Energy agrees with the Essential Services Commission's (Commission) approach to determining the minimum feed-in tariff (FiT). In particular, the Commission's approach reflects forecast reductions in wholesale electricity costs during 'solar hours' in 2021-22.

While wholesale electricity costs have continued to decline over time, the avoided social cost of carbon component of the minimum FiT has remained unchanged and has therefore become a larger and more significant proportion of the minimum FiT. In that context, Simply Energy would support the Victorian Government reviewing its 2017 methodology for the avoided social cost of carbon to ensure that the methodology remains relevant and appropriate for future minimum FiT decisions.

Optional time-varying feed-in tariff

Simply Energy supports the Commission's draft decision to keep the time-varying FiT as optional until there are clear benefits of mandating a time-varying FiT. As previously raised, Simply Energy considers that the costs of implementing a mandatory time-varying FiT are significant and would require substantial changes to Simply Energy's billing system.

Customer notification of annual feed-in tariff changes

Simply Energy currently provides its customers with early notification of price and FiT changes and recognises the value to customers of being able to evaluate their contract before a price change takes effect. While Simply Energy supports the intent of the Commission's proposed amendments to the Energy Retail Code, the creation of new concepts ('feed-in tariff change' and 'feed-in tariff alert') may create unnecessary duplication. Simply Energy suggests that the definition of 'price change' could be expanded to include FiT changes, which would avoid the need to duplicate existing requirements in the Energy Retail Code.

Simply Energy notes that the National Energy Legislation Amendment Act 2020 (Vic) will change the timing of annual Victorian electricity network price changes from calendar years to financial years commencing on 1 July 2021. As per clause 46AA of the Energy Retail Code, this change will mean that retailers can only increase their market contract prices on 1 August each year. As a result of this change, solar customers may receive two price change notifications within short succession. That is, a FiT alert before 1 July each year and a bill change alert before 1 August each year. This may lead to confusion for solar customers, which could result in increased customer complaints and enquiries. To enable solar customers to properly evaluate their market contract, solar customers should ideally receive a single notification with the prices and FiT that will apply for the upcoming period. This would align with the Commission's commentary that solar customers should consider their whole energy bill when comparing different FiT offers.

The Commission introduced the one-month delay in market contract price increases due to retailers' concerns about the limited time available after a network pricing decision to update market contract prices and notify all Victorian electricity customers of a price change.¹ Simply Energy proposes that the Commission consider whether any future increases in the minimum FiT could be delayed by one month to align with the date that market contract price increases take effect.

Concluding remarks

In closing, Simply Energy supports the Commission's approach to determining the minimum FiT and proposal to require early notification of changes to a customer's FiT.

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

Yours sincerely



James Barton
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Simply Energy

¹ Essential Services Commission 2020, Ensuring energy contracts are clear and fair: Final decision, 28 February, p. 37.