

## Changed network costs to be reflected in Victoria's default electricity price

The state's energy regulator is seeking feedback on its proposal to increase the Victorian Default Offer to reflect upcoming changes to national electricity network costs.

The Australian Energy Regulator recently approved the proposals of Victoria's distribution businesses to increase their network charges from mid-year.

The Essential Services Commission today released a [draft decision for consultation](#) that would see households on the default offer pay around \$4 a month more as a result of the changes in network costs reflected in the Victorian Default Offer higher network charges from 1 September 2021.

The commission's pricing director Marcus Crudden says it is important the Victorian Default Offer reflects costs paid by electricity retailers to the distribution businesses.

"Network charges make up about a third of retailer costs, so it is important the default offer reflects any changes in network tariffs.

"But even after taking into account the mid-year increase in network charges, a household on the default offer over 2021 would pay about \$140 less than in 2020," he said.

The Victorian Default Offer provides households and small businesses access to a fair electricity deal. Default offer prices were introduced on 1 July 2019 and are regulated by the commission.

Mr Crudden says the Victorian Default Offer is not necessarily the best offer available to customers.

"The commission encourages customers to shop around and see whether they can get a better deal.

Importantly, if you are having trouble paying your bill, please reach out to your retailer as they are obligated under our rules to provide help to customers experiencing financial stress", he said.

The commission's draft decision is open for comment on Engage Victoria until 2 July 2021. The release of our final decision is expected in mid-July.

The commission is also undertaking a separate review of other costs that would apply to the default offer from the start of 2022 such as wholesale electricity and environmental costs, which would apply from 1 January 2022. A draft decision is due in September.

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