

# Victorian Default Offer 2021

## **Submission received via Engage Victoria on our draft decision on Victorian Default Offer 2021**

**Date submitted: 20 October 2020**

**Submission prepared by: Victorian Council of Social Service**

### **Do you have any comments on the commission's consultation paper?**

VCOSS would like to acknowledge the ESC's open, evolving and thorough approach to seeking feedback on the 2021 Victorian Default Offer (VDO) draft decision, including trialing a different format for the public forum and publishing relevant supporting documents.

As the peak body for the state's social and community service sector, VCOSS is highly conscious of the importance of affordable and accessible essential services for Victorians experiencing disadvantage, and we monitor regulatory developments with a view to their implications and fairness for all Victorians.

Consistent with our submission at the consultation paper stage, VCOSS strongly supports the VDO as a critical measure to drive ongoing improvement in energy affordability. It establishes a fair, independently-set reference price for all residential consumers in the electricity retail market, while also safeguarding those consumers who are either on retailers' standing offers or are otherwise unable or unwilling to engage in detailed comparisons of current market offers.

VCOSS supports the ESC's discipline in maintaining the integrity of the carefully developed VDO methodology. In particular, VCOSS welcomes the ESC's robust, independent assessment of retailers' evidence on their COVID-related operating cost impacts, including the recognition of retailers' countervailing savings.

While recognising the immediate demands of navigating current COVID-related circumstances in finalising this determination, VCOSS endorses the ESC's indications on implementing (in future years) a productivity factor saving in the efficient operating costs benchmark, and reducing the customer acquisition and retention costs (CARC) allowance.

Finally, VCOSS has previewed and in-principle supports the recommendations made by the Consumer Action Law Centre in their submission. Of particular note are CALC's analysis of the risk management role of retailers in the electricity market, and their observations on the continued importance of the ESC appropriately using its information-gathering powers to enable all stakeholders to better understand, at-scale, the prices being paid by Victorians.