

# Maximum electricity prices for embedded networks and other exempt sellers

## **Submission received via Engage Victoria on our consultation paper on maximum prices for embedded networks and other exempt sellers**

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

Thanks for the opportunity to comment. Setting the maximum price at the VDO is a useful start. However, it does not take into account the supplier's significantly lower acquisition and retention costs for customers in an embedded network. This suggests a maximum should be set lower than the VDO. In addition, residents in apartments have usually had no say in being part of an embedded network, and are unable to utilize the competitive offers available from alternative suppliers. There is therefore no incentive for the (effective) monopoly owner of the embedded network to compete with other suppliers by offering prices below the VDO. The VDO is therefore likely to be the actual price charged. This also suggests a maximum price below the VDO would be appropriate. For example if competitive offers were available, I could get a significant discount over my current bill with Origin embedded network by switching to AGL (Citipower). And the AGL daily connection and usage rates are about 10 % less than the VDO . However, because I am forced to stay in the embedded network I cannot avail myself of these offers. I therefore suggest that the maximum rate be set below the VDO. The Commission may also wish to flag the need for restraint on developers' willingness to establish embedded network arrangements and/or to make it easier for apartment owners to opt out of the embedded network arrangements (recognising this MAY impact the cost of apartments).