

6 March 2020

Ms Kate Symons
Chairperson
Essential Services Commission
Level 37, 2 Lonsdale Street,
Melbourne VIC 3000.

Submitted online: <https://engage.vic.gov.au/>

Dear Ms. Symons

ESC Maximum Prices for Embedded Networks and other Exempt Sellers

Thank you for the opportunity to provide a submission in response to the Essential Services Commission's (ESC) consultation covering the Maximum Prices for Embedded Networks and other Exempt Sellers.

Momentum Energy is a 100% Australian-owned and operated energy retailer. We pride ourselves on competitive pricing, innovation and outstanding customer service. We retail electricity in Victoria, New South Wales, South Australia, Queensland and the ACT. We offer competitive rates to both residential and business customers along with a range of innovative energy products and services. We also retail natural gas to Victorian customers.

Momentum Energy is owned by Hydro Tasmania, Australia's largest producer of renewable energy.

General Support for Embedded Network Prices to be capped at the VDO

With the introduction of the Victorian Default Offer (VDO) replacing standing offer prices we agree that its application should also be extended to embedded network customers supplied by exempt sellers. It is reasonable to expect that both on market and off market embedded network customers have the same pricing cap with similar customer protections.

The ESC has correctly made the assessment that any cost difference to supply customers within embedded networks would not be material. Moreover the cost to assess a separate cost stack for exempt sellers would outweigh the benefits. While we acknowledge that exempt sellers may have additional administration costs and costs related to the maintenance of their specific networks these would be readily offset by:

- network cost efficiencies through the bulk purchase of electricity;
- the absence of customer acquisition and retention costs; and

- the lack of exposure to wholesale market electricity risks.

VDO Tariff Types

Momentum is aware that flat, flat with controlled load and non-flat tariffs exist for embedded network customers and we believe that these customers should continue to have the protection of VDO price caps similar to non-embedded network customers. Therefore we believe that the VDO tariff structures, outlined in Table 2 of the consultation paper, should also apply to exempt sellers. Exempt sellers could continue to offer market offers that were structured differently provided they remained under the VDO cap.

Should you require any further information regarding this submission, please don't hesitate to contact me on 0478 401 097 or email randall.brown@momentum.com.au

Yours sincerely

[Signed]

Randall Brown
Regulatory Manager