

## Draft decision proposes a small rise in the Victorian Default Offer

The state's energy regulator is seeking feedback on its draft proposal to slightly increase the Victorian Default Offer to reflect a forecast rise in wholesale electricity prices.

The Essential Services Commission today released a [draft decision for consultation](#) that proposes the average annual bill for residential and small business customers on the Victorian Default Offer increase by one per cent. For residential customers this would mean an annual increase of \$19. The increase for small business customers would be \$73.

The commission's pricing director Marcus Crudden said that, despite the increase, prices were still much lower than they were three to four years ago, and less than the current rate of inflation.

"It is important the Victorian Default Offer reflects costs paid by electricity retailers to the distribution businesses," he said.

"The main reason for the proposed increase is our forecast for higher wholesale electricity costs, and, to a lesser extent, increases in environmental and retail operating costs.

"Wholesale electricity prices make up about a quarter of retailer costs, so it is imperative the default offer reflects any changes in wholesale costs."

Mr Crudden said the Victorian Default Offer, which was introduced on 30 May 2019, provided households and small businesses access to a fair electricity deal.

"The objective is to provide a simple, trusted and reasonably priced electricity option that safeguards consumers who are unable or unwilling to engage in the electricity market," he said.

Mr Crudden said the Victorian Default Offer was not necessarily the best offer available and encouraged customers to shop around for the best 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 12 April 2022, with a public forum to be held on 31 March 2022.

The release of the final decision is expected in late May 2022.

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