

Increased costs for retailers mean a small rise in default electricity price

Households on the Victorian default offer – the state’s regulated ‘fair price for electricity’ – will see a small increase of around \$4 a month from 1 September following a decision by the state regulator.

The Essential Services Commission has released its final decision to [vary the Victorian default offer](#) to take account of a recent decision by the Australian Energy Regulator to allow Victoria’s distribution businesses to increase their network charges from mid-year.

The commission’s pricing director Marcus Crudden says despite the small increase, it’s still lower than the high standing offers charged before the default offer was introduced in June 2019.

“Network charges make up about a third of retailer costs, so it is important the Victorian default offer reflects costs paid by electricity retailers to the distribution businesses.

“A household on the default offer will still pay around \$140 less over this year, compared to 2020,” he said.

Mr Crudden says the [Victorian default offer](#) was introduced on 1 July 2019 as a ‘fair price for electricity’ as determined by the regulator, but is not necessarily the cheapest offer available.

“We encourage customers to shop around to see whether they can get a better deal, and if you’re having problems paying your bill, please reach out to your retailer for support.

“Under Victoria’s payment difficulty framework, energy retailers are required to help customers with flexible payment options, advice on concessions they may be entitled to and information on how to reduce energy use.

The commission is currently working on setting the [default offer that will apply from 1 January 2022](#) with a draft decision due in September.

For further information call: David Jarwood, Senior Media Adviser, 0492 805 003