

# Victorian Default Offer 2023-24

## **Submission received via Engage Victoria on our consultation paper on Victorian Default Offer 2023-24**

**Date submitted: 10 December 2022**

**Submission prepared by: Anonymous 1**

### **What are your views about our proposed approach to setting the 2023–24 Victorian Default Offer?**

As someone on the Victorian Default Offer, I couldn't afford any form of heating last winter. By all means help those poor energy retailers cover their costs by increasing the Victorian Default offer. We constantly hear that "Switching from a standing offer could save you money on your electricity bill." It could, but I bet it won't in the long term. The main reason people might be reluctant to switch to market offers is that the plethora of offers and companies is too confusing. Once you are on a market offer, the retailer can put up prices after 3 or 6 months thereby nullifying any benefits of switching. No one likes to constantly switch energy retailers, banks, insurance companies - there just isn't enough hours in the day.

We hear that energy prices are going up because of the war in Ukraine. Why? We don't import Russian oil or gas. Do we? Perhaps it is because 90% of the nation's gas is sold overseas at international prices. 10% of gas is sold to domestic markets but also at those high international prices. Why? Because they can. Is this not price gouging? How is that reasonable? How is that justified? Why is that allowed by governments? Victoria is a major gas and coal producer. Does it reserve gas for domestic consumption? Perhaps WA's example should be followed to keep prices lower.

Having kept track of my energy consumption and its costs, the percentage makeup of my total bill consisted of around 70% for actual electricity used in 2000, while the network cost was around 30% as a yearly average. By 2020 that percentage makeup of my total bill had morphed into 50% usage, 50% charges.

Privatisation has not worked in favour of captive consumers. Prior to privatisation of the SEC electricity prices were falling from 1948 to 1992, the SEC was profitable enough to be sold off to private investors by Kennett and Co. You only have to look at the many layers that make up the energy producers and multitude of retailers adding their layers of complexity and its associated costs and fees. Yet they are still not making sufficient profits and crying poor.

Now, the Victorian Default Offer is under review so that the energy market is not unduly disadvantaged by dubious costs of acquisition channels (such as third-party comparison websites or telemarketing); the cost of retention teams; marketing costs targeted at driving customer acquisition or retention to the retail price of energy. By all means help the energy market by raising prices, but how about giving long suffering customers and the domestic market a break in your considerations?

**Do you think that the costs associated with the Australian Energy Market Operator's June 2022 interventions in the wholesale market should be reflected in the Victorian Default Offer? Why/Why not?**

No

There are too many charges/fees that add to the overall cost to long-suffering consumers who cannot afford heating in winter and cooling in heatwaves.

**What are your views on using a variation mechanism for market intervention costs?**

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**Do you think we should make changes to our retail cost benchmarks? Why/Why not?**

No

But affordability is not a factor

**Do you think we should make changes to our customer acquisition and retention cost benchmark? Why/Why not?**

No

Did the SEC need such nonsense? Did that add to the cost of providing a service?

**Do you think we should publish consultation papers in addition to our draft decision papers in future Victorian Default Offer reviews? Why/Why not?**

Yes

The public needs to know.

**Are there any other matters the commission should look into?**

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