

Victorian Default Offer Amendment to Price Determination 2021

1 September 2021 – 31 December 2021

14 July 2021

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1. Purpose and reasons

- 1.1. This determination (Amending Determination) is made by the Essential Services Commission (Commission) under sections 33 and 35 of the *Essential Services Commission Act 2001* (ESC Act) and amends the *Victorian Default Offer Price Determination 2021: 1 January 2021 – 31 December 2021*, made on 25 November 2020 by the Commission (Principal Determination).
- 1.2. Both the Principal Determination and this Amending Determination give effect to the requirements of the Order in Council (Order) made under section 13 of the *Electricity Industry Act 2000* (EI Act) and published in the Government Gazette No. S 208 on 30 May 2019, and specifically to the requirements of clause 10 of the Order.
- 1.3. The reasons for the making of this Amending Determination are as set out in the decision document published by the Commission on its website and cited as 'Essential Services Commission 2021, Victorian Default Offer amendment to price determination 2021: Final decision, 14 July 2021 (Final Decision)'.
- 1.4. In summary, this Amending Determination implements changes to the Victorian default offer or VDO arising from the changes in network tariffs and structure of those tariffs that were approved by the Australian Energy Regulator on 15 June 2021.
- 1.5. In doing so it gives effect to the Final Decision and the objective of the Order that there be a simple, trusted and reasonably priced electricity option that safeguards consumers who are unable or unwilling to engage in the electricity retail market.
- 1.6. Unless expressly stated otherwise, terms defined in the Order have the same meanings in this price determination.
- 1.7. This Amending Determination is to be cited as the 'Victorian Default Offer Amendment to Price Determination 2021'.

2. Application period and variation clause

- 2.1 This Amending Determination takes effect on and from 1 September 2021 and, subject to further amendment or revocation by the Commission, has effect until 31 December 2021.
- 2.2 Clause 6 of the Principal Determination is renumbered as clause 8 (and sub-clauses and cross references within the clause are renumbered accordingly).
- 2.2 Clause 2.2 of the Principal Determination is revoked and replaced with a new clause 2.2 as follows:

'2.2 If the Commission has not made a price determination for the next regulatory period on or before 31 December 2021, the provisions that apply to prescribed customers as set out in the Principal Determination as amended by this Amending Determination will apply, and figures will be updated for inflation as specified in Equation 1, and these updated arrangements will then apply from 1 January 2022 and until the date on which a new price determination for the next regulatory period comes into effect.

EQUATION 1

$$VDO_{k,2022}^i = \left[VDO_{k,2021}^i \left(1 + \left(\frac{CPI_{Sept,2021} - CPI_{Sept,2020}}{100} \right) \right) \right]$$

where:

| | |
|-----|---|
| VDO | Means a standing offer made available by a retailer under section 35 of the Act and in respect of which tariffs are regulated under this price determination. |
| i | Is the relevant distribution zones of the relevant licensed distribution company (AusNet Services, Citipower, Jemena, Powercor or United Energy). |
| K | Is the relevant VDO price determination element, which can be the fixed flat tariffs referred to in clause 3, the fixed two part time of use tariffs referred to in clause 6 or the VDO compliant maximum annual bill amount referred to in clause 7, for the relevant prescribed customer in the relevant distribution zone. |

CPI_{Sept 2021} Is the All Groups, Australia (Original) CPI index for the September 2021 quarter as published by the Australian Bureau of Statistics in Cat. No. 6401.0, *Consumer Price Index, Australia*.

CPI_{Sept, 2020} Is the All Groups, Australia (Original) CPI index for the September 2020 quarter as published by the Australian Bureau of Statistics in Cat. No. 6401.0, *Consumer Price Index, Australia*.

3. Fixed flat tariffs

- 3.1 With effect from 1 September 2021, Schedules 1 and 2 of the Principal Determination will cease to apply and are amended to be known as Schedules 1 (Part A) and 2 (Part A) respectively, and in their headings the phrase "31 December 2021" will be replaced with "31 August 2021".
- 3.2 With effect from 1 September 2021, new Schedules 1 (Part B) and 2 (Part B) in the form of Schedules 1B and 2B to this Amending Determination will be inserted in the Principal Determination as part of Schedules 1 and 2 respectively.
- 3.3 For the avoidance of doubt, the tariffs specified in amended Schedules 1 (Part A) and 2 (Part A) remain the tariffs a retailer must charge a prescribed customer under a flat tariff or flat tariff plus controlled load standing offer, according to the distribution zone of the customer's supply point, for the period from 1 January 2021 to 31 August 2021. From 1 September 2021, the tariffs a retailer must charge a prescribed customer under a flat tariff or flat tariff plus a controlled load standing offer, according to the distribution zone of the customer's supply point, are fixed at the amounts specified in Schedules 1 (Part B) and 2 (Part B).

4. VDO compliant maximum annual bill amount – former regulatory arrangements for specified non-flat standing offer tariff types to end

- 4.1 With effect from 1 September 2021, Clause 4 and Schedules 3 and 4 of the Principal Determination cease to apply and, accordingly:
- (a) In clause 4.1 the word "Subject" will be deleted and replaced with "Until 31 August 2021 and subject";
 - (b) In Schedule 3 the words ", **to be applied for the part-year to 31 August 2021**" will be added to the heading.
- 4.2 For the avoidance of doubt, the manner of calculating the VDO compliant maximum annual bill amount specified in Clause 4 and Schedules 3 and 4 remains applicable for the period from 1 January 2021 to 31 August 2021.

5. VDO compliant maximum annual bill amount – former regulatory arrangements for other non-flat standing offer tariff types to end

- 5.1 With effect from 1 September 2021, Clause 5 and Schedule 5 of the Principal Determination cease to apply and, accordingly:
- (a) In clause 5.1 the word "Subject" will be deleted and replaced with "Until 31 August 2021 and subject";
 - (b) In Schedule 5 the words ", to be applied for the part-year to 31 August 2021" will be added to the heading.
- 5.2 For the avoidance of doubt, the manner of calculating the VDO compliant maximum annual bill amount specified in Clause 5 and Schedule 5 remains applicable for the period from 1 January 2021 to 31 August 2021.

6. Two period time of use tariff

6.1 With effect from 1 September 2021, the Principal Determination is amended by inserting a new Clause 6 as follows:

"6.1 With effect from 1 September 2021, if a retailer charges a domestic customer a tariff or tariffs under a standing offer that contains a **Two Period Time of Use Tariff** as defined in clause 6.2, the tariffs a retailer must charge are fixed at the tariffs specified in Schedule 6.

6.2 A **Two Period Time of Use Tariff** offered to a domestic customer means a tariff that comprises the following components:

- (a) a fixed daily supply charge;
- (b) a fixed peak period usage charge, which applies from 3pm to 9pm every day
- (c) a fixed off peak usage charge which applies at all other times; and
- (d) a fixed controlled load usage charge (where applicable).

6.3 With effect from 1 September 2021, if a retailer charges a small business customer a tariff or tariffs under a standing offer that contains a **Two Period Time of Use Tariff** as defined in clause 6.4, the tariffs a retailer must charge are fixed at the tariffs specified in Schedule 7.

6.4 A **Two Period Time of Use Tariff** offered to a small business customer means a tariff that comprises three components:

- (a) a fixed daily supply charge;
- (b) a fixed peak period usage charge which applies from 9am to 9pm on weekdays; and
- (c) a fixed off peak usage charge which applies at all other times."

6.2 With effect from 1 September 2021, the Principal Determination is amended by inserting new Schedule 6 and Schedule 7 in the form of Schedule 6 and Schedule 7 to this Amending Determination.

7. VDO compliant maximum annual bill amount – new method for regulating all other non-flat standing offer tariff types

7.1 With effect from 1 September 2021, the Principal Determination is amended by inserting a new Clause 7 as follows:

"7.1 With effect from 1 September 2021 and subject to this price determination, a retailer must not charge a prescribed customer a tariff or tariffs under a standing offer that contains:

- (a) a tariff that is not a flat tariff; or
- (b) any combination of a flat tariff and a tariff that is not a flat tariff,

and is not a Two Period Time of Use Tariff referred to in clause 6.1 or clause 6.3, if that tariff or tariffs would produce an estimated annual electricity bill amount that would be higher than the VDO compliant maximum annual bill amount determined by the Commission in Schedule 8.

7.2 For all non-flat standing offer tariff types a retailer offers that are not Two Period Time of Use Tariffs referred to in clause 6.1 or clause 6.3, the retailer must publish in the Government Gazette, a representative profile of customer usage and related usage allocations at the applicable annual reference consumption amount (ARCA) determined by the Commission in clause 7.5 for each non-flat standing offer tariff type a retailer offers that is not a Two Period Time of Use Tariff referred to in clause 6.1 or clause 6.3.

7.3 Such representative profile of customer usage and related usage allocations must be included in the retailer's notice of standing offers given under section 35 of the Act immediately below the tariff information set out for that particular non-flat standing offer tariff type. The representative profile of customer usage and related usage allocations must be reasonably representative of the profile of usage by customers on that tariff type over a 365-day period.

7.4 Unless approved by the Commission, a retailer must not vary its adopted or published representative profile of customer usage and related usage allocations for as long as this price determination applies.

7.5 The annual reference consumption amount (ARCA) for purposes of this clause 7 is:

- (a) for a domestic customer – 4,000 kWh per annum;
- (b) for a small business customer – 20,000 kWh per annum.

7.6 For the purpose of clause 7.5, the amount of electricity used by customers is to be assumed to be the same on each day of the year.

7.7 A retailer’s estimated annual electricity bill for a non-flat standing offer tariff type that is not a Two Period Time of Use Tariff referred to in clause 6.1 or clause 6.3 must not exceed the applicable VDO compliant maximum bill amount specified in Schedule 8 and must be calculated by selecting and apportioning the applicable ARCA according to the retailer’s relevant published representative profile of customer usage and related usage allocations, and applying the retailer’s published tariffs for that tariff type to the ARCA (as apportioned), for an assumed supply period of 365 days, to produce an estimated annual electricity bill for that non-flat standing offer tariff type.”

7.2 With effect from 1 September 2021, the Principal Determination is amended by inserting new Schedule 8 in the form of Schedule 8 to this Amending Determination.

SCHEDULE 1B

Victorian default offer fixed flat tariffs for general usage and general usage + controlled load usage for the period from 1 September 2021 to 31 December 2021 – domestic customers

Charges inclusive of GST

| Distribution zone | Supply charge (\$ per day) | Usage charge structure | Usage charge (not controlled load) (\$ per kWh) | Usage charge: controlled load (\$ per kWh) |
|-------------------|-------------------------------|--|--|---|
| AusNet Services | \$1.1937 | Block 1 (up to 1020 kWh during a quarter) Block 2 (> 1020 kWh during a quarter) | \$0.2810 \$0.2972 | \$0.1971 |
| CitiPower | \$1.1126 | Anytime | \$0.2324 | \$0.1673 |
| Jemena | \$1.0710 | Anytime | \$0.2490 | \$0.1899 |
| Powercor | \$1.2678 | Anytime | \$0.2405 | \$0.1733 |
| United Energy | \$1.0279 | Anytime | \$0.2437 | \$0.1758 |

SCHEDULE 2B

Victorian default offer fixed flat tariffs for general usage for period from 1 September 2021 to 31 December 2021 – small business customers

Charges inclusive of GST

| Distribution zone | Supply charge (\$ per day) | Usage charge structure | Usage charge (\$ per kWh) |
|-------------------|-------------------------------|--|------------------------------|
| AusNet Services | \$1.1937 | Block 1 (up to 1020 kWh during a quarter) Block 2 (> 1020 kWh during a quarter) | \$0.3139 \$0.3457 |
| CitiPower | \$1.3363 | Anytime | \$0.2296 |
| Jemena | \$1.2380 | Anytime | \$0.2597 |
| Powercor | \$1.3956 | Anytime | \$0.2387 |
| United Energy | \$1.1558 | Anytime | \$0.2388 |

SCHEDULE 6

Victorian default offer Two Period Time of Use Tariffs- domestic customers - to be applied from 1 September 2021

Charges inclusive of GST

| Distribution zone | Supply charge (\$ per day) | Peak charge (\$ per kWh) | Off peak charge (\$ per kWh) | Usage charge: controlled load (\$ per kWh) |
|-------------------|-------------------------------|-----------------------------|---------------------------------|--|
| AusNet Services | \$1.1937 | \$0.3906 | \$0.1981 | \$0.1971 |
| CitiPower | \$1.1126 | \$0.3244 | \$0.1849 | |
| Jemena | \$1.0710 | \$0.3053 | \$0.1933 | |
| Powercor | \$1.2678 | \$0.3305 | \$0.1916 | |
| United Energy | \$1.0279 | \$0.3347 | \$0.1966 | |

Note to Schedule 6:

1. The peak usage charge applies from 3pm to 9pm every day. The off peak usage charge applies at all other times.

SCHEDULE 7

Victorian default offer Two Period Time of Use Tariffs - small business customers - to be applied from 1 September 2021

Charges inclusive of GST

| Distribution zone | Supply charge (\$ per day) | Peak charge (\$ per kWh) | Off peak charge (\$ per kWh) |
|-------------------|-------------------------------|-----------------------------|---------------------------------|
| AusNet Services | \$1.1937 | \$0.3368 | \$0.1824 |
| CitiPower | \$1.3363 | \$0.2857 | \$0.1675 |
| Jemena | \$1.5820 | \$0.2989 | \$0.1673 |
| Powercor | \$1.3956 | \$0.3024 | \$0.1686 |
| United Energy | \$1.1558 | \$0.2994 | \$0.1725 |

Note to Schedule 7:

1. The peak usage charge applies from 9am to 9pm weekdays. The off peak usage charge applies at all other times.

SCHEDULE 8

Victorian default offer compliant maximum annual bill amount, by distribution zone, for tariffs that are not the Two Period Time of Use Tariffs referred to in clause 6.1 or clause 6.3, to be applied from 1 September 2021

Compliant maximum annual bill amounts inclusive of GST

| Distribution zones | VDO compliant maximum annual bill amount – domestic customers (4,000 kWh usage; annual bill calculated using VDO Two Period Time of Use Tariffs – domestic customers) | VDO compliant maximum annual bill amount – small business customers (20,000 kWh usage; annual bill calculated using VDO Two period Time of Use Tariffs – small business customers) |
|--------------------|--|---|
| AusNet Services | \$1,483 | \$5,598 |
| CitiPower | \$1,330 | \$4,997 |
| Jemena | \$1,312 | \$5,213 |
| Powercor | \$1,413 | \$5,194 |
| United Energy | \$1,344 | \$5,116 |

Notes to Schedule 8:

1. For domestic customers

The peak and off peak electricity supply periods and the representative profile of customer of usage of electricity within these periods that have been used by the commission to determine the above VDO compliant maximum annual bill amounts for domestic customers is the following:

| Compliant maximum annual bill – domestic customers | Representative profile of customer usage | |
|--|--|-------------------------------|
| | Peak period (3pm - 9pm every day) | Off peak (All other times) |
| | 0.33 | 0.67 |

2. For small business customers

The peak and off peak electricity supply periods and the representative profile of customer of usage of electricity within these periods that have been used by the commission to determine the above VDO compliant maximum annual bill amounts for small business customers is the following:

| Compliant maximum annual bill – small business customers | Representative profile of customer usage | |
|---|---|--------------------------------------|
| | Peak period (9am - 9pm weekdays) | Off peak (All other times) |
| | 0.49 | 0.51 |

THE COMMON SEAL of the ESSENTIAL SERVICES COMMISSION was affixed pursuant to this price determination with the authority of the Commission on the14th..... day of July 2021:



A handwritten signature in blue ink, appearing to be 'Kate Symons', written over a horizontal line.

Kate Symons
Chairperson