

20 October 2020

ESC VDO Team  
Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne Victoria 3000  
[VDO@esc.vic.gov.au](mailto:VDO@esc.vic.gov.au)

Dear ESC VDO Team,

## **Submission in response to the Victorian Default Offer 2021 – Draft Decision**

Thank you for the opportunity to provide this submission on the Victorian Default Offer 2021 – Draft Decision (**Draft Decision**).

Elysian Energy remains supportive of measures used to calculate the Victorian Default Offer (**VDO**) to provide a simple, trusted and reasonably priced electricity option that safeguards consumers who are unable or unwilling to engage in the electricity market. Further, the objective is consistent with Elysian Energy's approach of giving customers a "fair go" and providing great value, simple energy plans that ensure all our customers are on the best rate.

### **Bad Debts**

We are concerned the ESC may exclude forecasts of increased bad debts as part of its 2021 VDO determination when the VDO price approach is based on forecasting the efficient costs of retailers.

From January to September 2020, Elysian Energy has recorded an increase in debtors. This is a significant number given financial stress for customers will only increase as Jobkeeper and JobSeeker payments are reduced and concluded throughout 2020 and 2021. This will translate into an increase in bad debt. ESC has significant data from COVID reporting to forecast bad debt increases and should forecast for an increase in bad debt when determining the 2021 VDO to avoid further complications in 2021.

### **Determination Period**

We are also concerned that a 12-month determination period will create confusion for customers. If a variation is enacted from July 2021, it will be counter to the customers' expectation that price determinations only change once per year. If no variation is actioned, the regulatory periods for network tariffs and the VDO will remain unaligned, which is an additional layer of complexity for customers asking for the process to be simplified.

We would prefer an 18-month determination for the VDO to ensure price certainty for customers who are both confused by the electricity market and dealing with significant changes due to COVID-19. This would align with the Essential Service Commission's (**ESC**) intention to only increase the VDO once a year and the Victorian Government's intention to align the VDO price change with the financial year. Retailers would also avoid the additional administrative costs incurred from a 6-month determination, i.e. the costs incurred from explaining multiple price changes to customers.



If you have any queries in relation to this submission, please contact me directly on 03 9988 8541 or [scottw@elysianenergy.com.au](mailto:scottw@elysianenergy.com.au).

Yours sincerely,

*S Wells*

Scott Wells  
**CEO**