

Maximum electricity prices for embedded networks and other exempt sellers

Submission received via Engage Victoria on our consultation paper on maximum prices for embedded networks and other exempt sellers

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'Do you have any comments on the commission's consultation paper?'

"As a customer served by an embedded network, I strongly support the use of the VDO methodology to calculate the maximum price my provider can charge.

The department's stated policy objective for maximum prices for embedded network customers is that prices are constrained to a level consistent with what a consumer with access to retailer choice would expect to pay through market offers. If I, as an engaged customer, had access to retailer choice then I would be able to access an offer below the VDO, as the majority of offers in the market are currently below the level of the VDO. The maximum price an exempt seller should be allowed to charge should therefore definitely not exceed the VDO, to be broadly consistent with this policy intent.

As the VDO is intended to reflect the efficient cost of supplying a customer, it seems reasonable that this is the maximum price that an exempt seller should be able to charge. Exempt sellers are effectively monopoly providers for customers in embedded networks who can't choose a different provider, so it is not fair that providers should be allowed to charge above the efficient cost of serving a customer, as determined by the VDO methodology.

As a side note, I don't think embedded networks are necessarily delivering good customer outcomes. I would prefer to have the ability to shop around and choose to be supplied by an energy retailer, and receive the additional protections that customers of energy retailers receive. The commission and/or department should review the outcomes that embedded network customers are delivering and consider how these compare to outcomes for customers served by retailers."