

Maximum prices for embedded networks and other exempt sellers

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

Date submitted: 7 May 2020

Submission prepared by: Anonymous

Do you have any comments on the commission's draft decision?

Yes. It is acknowledged that the Victorian Default offer (VDO) will become the MAXIMUM that a supplier can charge to their customers, but it is of concern that a supplier that is currently charging below that VDO will take your decision as an invitation to increase their rates to the higher VDO.

I am currently resident at the Nellie Melba Retirement Village at 2 Collegium Avenue Wheelers Hill 3150 and we have rates through our supplier (Origin Energy) of 91.15 cents daily supply charge and 23.56 cents per kWh for usage. The supply charge is the same for individual homes on the other side of Collegium Avenue but our usage charge is 23.56 cents per kWh which is below the VDO rate of 29.27 cents per kWh, possibly because we are on the embedded network basis and maybe there are economies of scale for the usage charges. I am of the opinion that your final decision should include provisions that where lower rates are currently applied these should remain and the new rates not be applied.

Another aspect that I believe should be considered in respect of embedded networks is the daily supply charge. With an embedded network I believe there should be economies of scale that would allow for a lower daily supply charge than other individual connections. For example, on the northern side of Collegium Avenue all houses there attract the VDO of 91.15 cents per day supply charge, and they would all have individual connections to the system. Here on the southern side of Collegium Avenue where we have the retirement village with the embedded system there is one connection to the property, and yet each apartment is required to pay the same supply charge of 91.15 cents per day. Because of economies of scale for the embedded network and the lack of our ability to have alternate suppliers I believe our daily supply charge should be lower than individual properties.