



2 July 2021

Mr Aaron Yuen  
Essential Services Commission  
Level 37, 2 Lonsdale Street Melbourne VIC 3000

By electronic lodgment – [www.engage.vic.gov.au](http://www.engage.vic.gov.au)

Dear Aaron

**Victorian Default Offer: Amendment to the 2021 Price Determination – Draft Decision**

Alinta Energy welcomes the opportunity to respond to the Essential Services Commission's draft decision on amending the 2021 Victorian Default Offer to account for changes in network tariffs.

Alinta Energy is an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW and more than 1.1 million electricity and gas customers. We have a strong interest in the determination of the VDO. We support the variation of the VDO to reflect recent changes in Victorian distribution tariffs.

A key question in the draft decision is the recovery of network costs for July and August 2021 until the VDO becomes effective in September 2021. The ESC proposes an allowance for the costs to be made from 1 September and across the 2022 VDO period or in the 2022 VDO period. Alinta Energy does not support recovery of the increase in network costs over a longer period and believes the principle of recovering costs incurred within the regulatory period they relate to should be upheld. The risk of under-recovery of the July-August 2021 network tariff changes increases if it is included as part of the 2022 VDO.

Alinta Energy suggests the changes in network costs for July and August 2021 be recovered over the remaining four months of the 2021 period by applying a seasonally adjusted amount for the change (noting that energy consumption is likely to be higher in the winter months) and added to the remaining four months of the current 2021 VDO period. We do not consider this approach difficult to implement and preserves the recovery of retailer costs in the period to which they apply. We reiterate our position that we strongly prefer a six-month VDO for 2022 to allow alignment with 2022-23 network tariffs and avoid the uncertainty associated with an 18-month VDO period.

We support the introduction of a VDO reflecting the new network time of use tariff structure.

We welcome further discussion with the ESC as it works towards its final decision. Please contact David Calder on (03) 9675 5359 in the first instance.

Yours sincerely

**Shaun Ruddy**  
Manager National Retail Regulation