



Article [Victorian Default Offer 2023-24: final decision](#) has been updated.

Victorian Default Offer 2023-24: final decision

25 May 2023

The Essential Services Commission today announced the [final 2023-24 Victorian Default Offer](#), following industry and community consultation on its [draft decision \(PDF\)](#), released in March, and further economic analysis using the latest data.

The final 2023-24 Victorian Default Offer prices represent an annual increase of 25 per cent – that is \$352 for residential customers (assuming annual usage of 4,000 kWh usage), and \$752 for small business customers (assuming annual usage of 10,000kWhⁱ). Typical bills for residential customers will increase from \$1,403 to \$1,755 next financial year, and for small business customers, this means an increase from \$3,039 to \$3,791.

The new prices, which are in line with most default market offers announced around the country today, will apply to all Victorian Default Offer customers from 1 July 2023 to 30 June 2024. Around 15 per cent of households are currently on the Victorian Default Offer.

This change to the default offer price is primarily the result of high wholesale energy market prices, driven by energy market volatility in 2022. This increased the prices energy retailers paid in their futures (forward) contracts to buy electricity from the wholesale market to supply consumers.

The final offer is \$74 lower for residential customers and \$126 lower for small business customers than prices proposed in the [draft decision \(PDF\)](#). This is due to changes to our wholesale electricity allowance following further analysis of retailer futures contracts arrangements, the final network tariffs from the Australian Energy Regulator, and a reduced retail margin. Prices across the state will vary due to the different network tariffs in each of Victoria's five distribution zones.

Commissioner and chairperson Kate Symons said the 2023-24 Victorian Default Offer reflects the commission's careful assessment of the costs involved in supplying electricity to consumers in an environment of higher wholesale energy prices.

"The Victorian Default Offer was created to support consumers who don't want to or are unable to engage in the market to find a competitive market offer. It is a simple and transparent standing offer based on the commission's independent assessment of the efficient costs to supply electricity to consumers," Commissioner Symons said.

Commissioner Symons thanked industry and community groups who participated in the consultation process on the 2023-24 Victorian Default Offer.

"We value your input, knowledge and perspectives to help to inform our work and we thank you for your important contribution," Commissioner Symons said.

"We heard from stakeholders that cost-of-living pressures are making it challenging for many in our community. We want to make sure Victorians are aware of their energy consumer rights and protections, and state and federal government energy bill relief packages, as higher wholesale energy prices start to flow through to retail markets and consumer bills."

Eligible residential customers can access up to \$500 in state and federal government electricity bill relief to offset electricity prices.

Victorian households can apply for the state government's \$250 Power Saving Bonus cash payment through the [Victorian Energy Compare](#) website.

The federal government has also announced an additional \$250 in energy bill relief for people who receive Centrelink payments, including pensioners, health care card holders, Family Tax Benefit Part A or B recipients and others. Eligible small businesses will be able to access a \$325 rebate.

"If you are a residential customer and you're having trouble paying your bill, you are entitled, under Victorian energy law, to assistance from your retailer. Contact your retailer as soon as possible to get help. Ask your energy retailer about payment plans, and what concessions, rebates or utility relief grants are available," Commissioner Symons said.

Retailers must also communicate their best offer to their customers every three or four months via their energy bill statement to help customers make informed decisions about their energy contract.

Commissioner Symons said the regulator would continue to focus on consumer safeguards to protect Victorians.

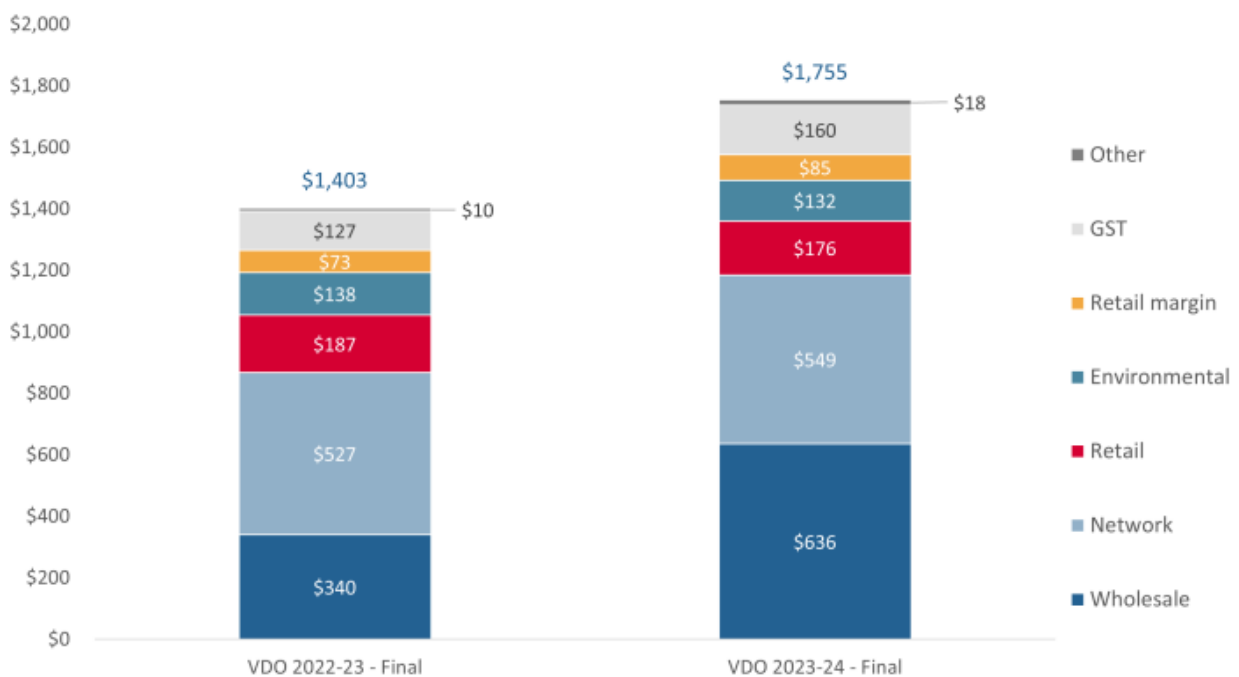
“In our consultation, consumer groups suggested non-price measures to further protect Victorian Default Offer customers and reduce the effect of higher retail electricity prices on consumers in general. While these fall outside what the commission can consider in determining default offer prices, we will consider these through our future reviews and consultation on relevant codes.

“Victoria has among the strongest safeguards for energy consumers, and the commission will continue to use its full suite of regulatory tools to review and enforce these critical consumer protections,” she said.

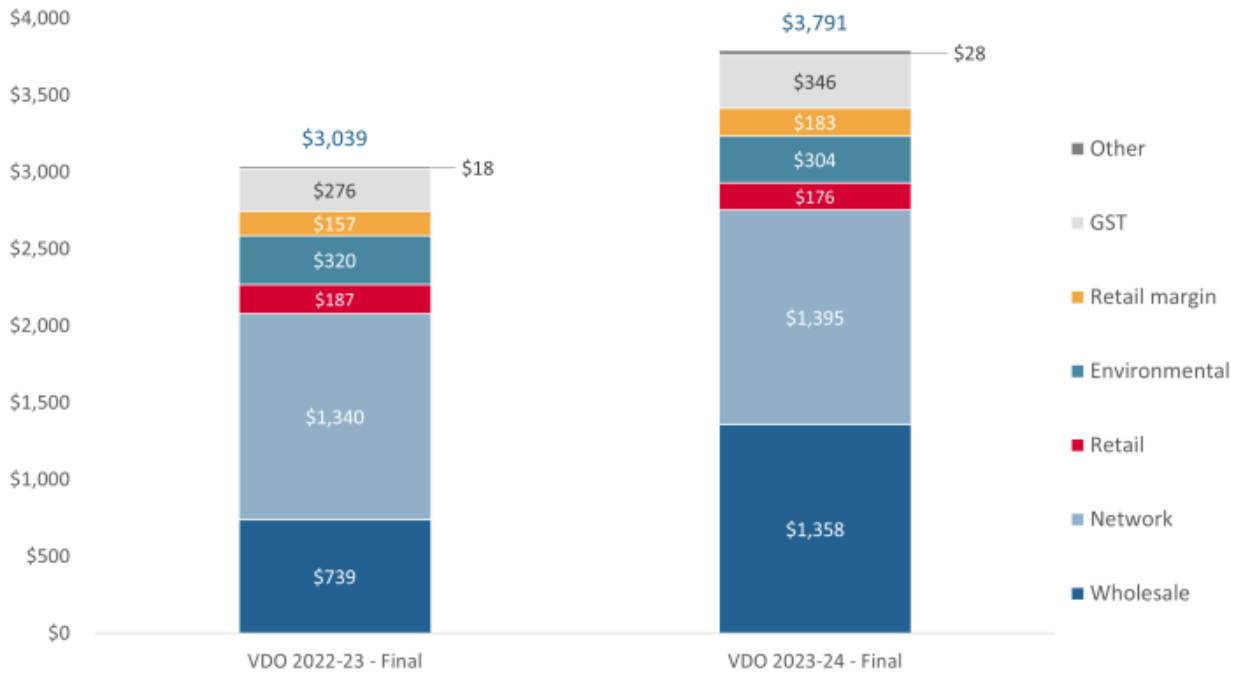
The Victorian Default Offer was introduced in 2019 to replace standing offers set by electricity retailers with a simple, trusted, reasonably priced electricity standing offer set independently by the regulator. It provides a reference price for all consumers when comparing retail offers, but it is not necessarily the lowest price available in the market - electricity retailers often offer discounted prices to attract customers. Customers can opt in or out of the Victorian Default Offer at any time.

Currently 400,000 residential customers and 55,000 small businesses are on the Victorian Default Offer. It is also the maximum amount that can be charged to the approximately 150,000 Victorian consumers in embedded networks, such as apartment buildings and shopping centres.

Tables detailing the cost breakdowns are included below.



Change in average Victorian Default Offer annual bill by cost component for domestic customers with annual usage of 4,000 kWh, \$ nominal.



Change in average Victorian Default Offer annual bills by cost component for small business customers with annual usage of 10,000 kWh, \$ nominal.

The commission has historically reported Victorian Default Offer average annual bills for small business customers assuming an average annual usage of 20,000 kWh, including in the draft decision released in March. We have quoted the 10,000 kWh average annual usage figure in the final decision to align with how small businesses prices are reported in default market offers in other states. If assuming an average annual usage of 20,000kWh, the 2023-24 Victorian Default Offer represents an annual increase of 27 per cent (around \$1,493) for small business customers.

More information

Victorian Default Offer price review 2023-24



Victorian Default Offer



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For general enquiries

Phone: [\(+61 3\) 9032 1300](tel:+61390321300) or [1300 664 969](tel:1300664969)

Email: reception@esc.vic.gov.au

You can also find us on [Twitter](#) and [LinkedIn](#).

For VEU enquiries

Phone: [\(+61 3\) 9032 1310](tel:+61390321310) or submit a [contact form](#).

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