



**TREASURER**  
**MINISTER FOR ENERGY**

MS19-00058

Ms Paula Conboy  
Chair  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3000

Dear Ms Conboy

*Paula*

Thank you for your letter of 16 January 2019 seeking advice on the impact of the Victorian Government's decision to introduce a default offer and on the Australian Energy Regulator's (AER) work preparing a default offer and reference bill mechanism, as recommended by the Australian Competition and Consumer Commission (ACCC) in its retail electricity pricing inquiry.

The Australian Government remains keenly focused on reducing retail electricity prices. As a part of this commitment, the Government aims to address the high prices paid by some households and small business as a result of excessive standing offers.

On 23 October 2018, we asked the AER to commence work on developing a default market offer and reference bill across affected network regions. Since that time the Victorian Government has announced it will introduce its own default offer for consumers, with the first Victorian default offer price determination to be in place on 1 July 2019.

As a result, we believe it is currently not necessary for the AER to undertake work to determine default market offer prices for any Victorian network regions. However, we ask that following the release of the draft determination by the Essential Services Commission of Victoria, the AER review that draft determination and provide advice to the Government within a fortnight to ensure the Victorian default offer provides sufficient protection for consumers.

The Government is in the process of settling any potential legislative arrangements that will underpin the introduction of these reforms. Our departments will consult with the AER to ensure that any legislative or regulatory changes made will support the efficient and effective implementation of these policies.

Thank you for your work implementing the default offer and reference price and we look forward to its determination ready for a 1 July 2019 commencement.

Yours sincerely

**JOSH FRYDENBERG**  
Treasurer

**ANGUS TAYLOR**  
Minister for Energy