



Hon Lily D'Ambrosio MP

Minister for Energy, Environment and Climate Change
Minister for Solar Homes

8 Nicholson Street
East Melbourne, Victoria 3002
Telephone: 03 9637 9504
DX210098

Paula Conboy
Chair
Australian Energy Regulator
2 Lonsdale Street
MELBOURNE VIC 3000

Ref: MBR038748
“*MBR038748*”

Dear Ms Conboy

INTENTION TO CHANGE THE TIMING OF ANNUAL VICTORIAN NETWORK PRICE CHANGES

I am writing to inform you of my intention to make changes to the timing of Victorian electricity and gas network price changes.

As you are aware, Victorian electricity and gas retail prices are adjusted annually on 1 January, when underlying network prices are changed. All other states operate on a financial year basis, with annual network and retail price changes on 1 July.

Where there are price rises, this timing over the Christmas period creates cost of living pressure for Victorian consumers and they will often miss the notification of any price changes. This can result in a missed opportunity for customers to engage with the energy market and consider whether they are on the best retail offer.

The Victorian Government has carried out some initial consultation with AER staff, and affected electricity and gas network businesses, and sought legal advice on the approach to implementing these changes. While there are some transitional costs, particularly for electricity networks, the government considers that there are long term benefits in seeking national alignment of price changes on a financial year basis, for consumers, retailers and the AER. In particular, the Department of Environment, Land, Water and Planning (DELWP) notes the support for national alignment expressed by AER staff.

Accordingly, it is my intention to make changes to the *National Electricity (Victoria) Act 2005* to implement a change to financial years for electricity network businesses. I also intend to make amendments to *National Gas (Victoria) Act 2008* to implement similar changes for gas.

I intend that this change will take effect on prices from 1 July 2021, and that this will occur through providing a six month extension to the current electricity and gas network regulatory periods.

As additional changes to the current gas Access Arrangements may be required due to the timing of the current regulatory period, I request that AER staff consult with the Victorian Government on the best approach to enable early alignment of gas price changes.

I appreciate the AER's support in our achievement of this objective. The Victorian Government will work with the AER staff to implement changes in a pragmatic and efficient manner.

Should you wish to discuss this matter, please contact Ms Sarah Sheppard, Director of Energy Consumer and Affordability Policy, DELWP on (03) 9637 9388.

Yours sincerely



Hon Lily D'Ambrosio MP
Minister for Energy, Environment and Climate Change
Minister for Solar Homes

12/4/19