



31/05/2019

RM/19/12638

The Hon Lily D'Ambrosio MP  
Minister for Energy, Environment and Climate Change  
Level 17, 8 Nicholson Street  
East Melbourne VIC 3002

Dear Minister,

I am writing in relation to our advice on the Victorian Default Offer (VDO). Table 13 (page 100) of our advice included incorrect controlled load tariffs for the Jemena and Powercor distribution zones. The correct tariffs are included in the table below.

Distribution zone	Controlled load (\$ per kWh)
Jemena	\$0.1917
Powercor	\$0.1831

In preparing our advice, we implemented a number of internal and external quality checks of the model we used to estimate prices. Unfortunately these checks did not identify the two incorrect controlled load tariffs in the model and included in our advice. The source of the error was an incorrect reference in the formula calculating the controlled load tariff for the two zones above.

We have thoroughly reviewed our model again, including the source data and formulas used to estimate controlled load and all other VDO tariffs. Following this review, we provide assurance that all other tariffs included in our advice were calculated in accordance with the methodology proposed in our advice and are correct.

We understand your department is exploring an updated Governor in Council Order. The tariffs in the table above should be used for any update.

If your office has any queries, please contact Dean Wickenton at the commission on 9032 1386.

Yours sincerely



*per* **John Hamill**  
Chief Executive Officer