

3rd April 2018

The Panel
Victorian Government Review
via email

To whom it may concern

Reposit Power Pty Ltd (Reposit) provides the following submission to the Panel seeking feedback on the Review recommendations relating to the introduction of a Basic Service Offer (BSO).

Reposit is a Virtual Power Plant (VPP) service provider to electricity retailers. Electricity consumers with Reposit are able to optimise their consumption of electricity based on their tariff, residential battery and Reposit's optimisation technology. Consumers are also able to provide demand-side services to participating electricity retailers in exchange for credits on their electricity bill (GridCredits™). Reposit currently works with three retailers to offer GridCredits value to consumers: Diamond Energy, Powershop Australia and Simply Energy. Reposit aims to be a driving force putting electricity consumers back in charge of their electricity consumption and their power bill.

The premise of the recommendations in the Review is that the retail electricity and gas markets have failed to deliver the promised benefits to consumers. The BSO recommendation aims to address the identified concerns of increasing retail prices, transparency around retail plans, and protection of vulnerable consumers. Reposit supports the intent behind addressing these concerns, however believes that the particular recommendation of a BSO is not in the consumers long-term best interests of being active and engaged, having greater choice, and seeking reliable, low-cost and clean electricity.

One promise of a privatised electricity sector is lower prices for consumers, which the Review concluded has failed. However, we believe that the market is addressing this, and is accelerating in its response to the problem of price rises. This is seen in increasing amounts of solar, storage, VPP's, on-line retailing, and more offers in the offtake market for new generators. Not only are these tending to increase consumer choice and reduce consumer bills, they also provide new mechanisms for electricity retailers to sustain downward pressure on prices in the long-term. Intervention now would imperil this exciting change.

Reposit relies on challenger retailers such as Diamond Energy, Powershop Australia and Simply Energy to take advantage of VPP technology and offer their customers greater choice and lower bills. Forcing these niche retailers to compete around a single tariff, via a rigid regulatory structure, is likely to hurt their flexibility to work with innovative companies like Reposit. Batteries and smart gateways change the nature of what make tariffs good for consumers, and a BSO is likely to create a benchmark that simply does not cater to new demand-side technologies. Similarly, a BSO is likely to make customers more passive, ignoring the way that active consumers and innovative retailers can work together to lower their bill and deliver a more targeted and appropriate service.

A key argument for the BSO is to protect vulnerable consumers, however vulnerable consumers have many interests outside of regulated price comparison (e.g. long-term downward pressure on prices, energy reliability and security, consumer engagement and choice, the transition to clean energy), and this single interest in the form of a BSO should not drive whole-of-electricity market policy. Reposit supports vulnerable consumers being protected in ways that do not compromise the promises of privatised retail electricity markets, many ways of which are suggested in the recommendations in the Review and are already supported by the Victorian Government.

The Victorian Government should support the market to be competitive through innovation, and in time this will produce the results we seek; a reliable, low cost and clean electricity sector. Now is not the time to be reversing two decades of reform - just at the time when it is beginning to bear fruit.

Yours sincerely,



Luke Osborne
Director