

22/05/2026

RM/26/7328

The Hon Lily D'Ambrosio MP
Minister for Energy and Resources

Dear Minister

Recommended tariffs and advice for the Victorian Midday Power Saver

I am writing in response to your letter of 16 March 2026 requesting suggested tariffs for a Victorian Midday Saver Offer (now renamed the Victorian Midday Power Saver), as well as our views on applicable consumer protections.

This advice is for your consideration when making an Order by the Governor in Council under section 13(1) of the *Electricity Industry Act 2000*. We give consent for this letter and its attachments be made public, to enable your department to lead engagement on the Victorian Midday Power Saver.

Our recommended tariffs for the 2026-27 Midday Power Saver

We have developed Midday Power Saver tariffs for each network distribution zone, based on the cost-stack methodology used for the 2026–27 time of use Victorian Default Offer, as requested. Recommended tariffs are attached as Schedule 1, to apply from 1 October 2026 to 30 June 2027.

You requested we outline our methodology and key assumptions for determining the recommended tariffs. Attached is a Technical Paper which is intended to assist the electricity industry in implementing the Midday Power Saver and explain how the tariffs have been determined. In addition to the tariffs, we recommend that the Midday Power Saver be structured as follows:

- that the daily three-hour period during which retail tariffs are set to \$0 kWh is fixed year-round at 11 am – 2 pm local time across Victoria
- the offer comprises of a four-part usage tariff plus a daily supply charge, based on the three-part 2026–27 time of use Victorian Default Offer
- that costs incurred during the free usage period are recovered across all other time periods of the day
- that the solar soak tariff applies to excess energy consumed above the fair use cap.

We have considered a range of factors when setting the tariffs

In providing these recommendations, we had regard to the objectives for the Midday Power Saver set out in your March 2026 letter, while also seeking to manage the risk of unintended consumer harm and potential inequities. We also sought to maintain consistency with the Australian Energy Regulator’s Solar Sharer Offer, while still reflecting the characteristics of the Victorian electricity system.

In setting the tariffs we have drawn on internal analysis, as well as relevant submissions to the *Victorian Default Offer 2026–27: Draft Decision Paper and Request for Comment Paper* and the Australian Energy Regulator’s *2026–27 Default Market Offer: Draft Determination*, where these addressed the Midday Power Saver or Solar Sharer Offer.

Potential savings for Victorian households

We have used the recommended tariffs to estimate potential annual savings across various load shifting scenarios, set out in Table 1. We consider savings between \$149 and \$332 could be possible if customers are able to consistently shift between five to 20 per cent of their daily consumption into the free usage period.¹ The ability for most customers to shift this amount of electricity consumption by changing their use of typical household appliances may be challenging.

Customers with a home battery may be able shift more of their consumption and take advantage of a free usage period. However, customers with batteries are already likely to be drawing electricity from the grid at times that minimises their overall energy bills, particularly when combined with rooftop solar PV, and so their incremental bill saving in moving onto the Midday Power Saver may not be significant. The differing abilities of customers to change their behaviour and realise bill savings compared to their current pricing arrangements is reflected on our recommended consumer protections, including having retailers disclose that the Midday Power Saver may not be suitable in all circumstances.

¹ Compared to a Victorian Default Offer flat rate annual bill for an annual consumption of 4,000 kilowatt hours.

Table 1: Annualised savings under various additional load shifting scenarios (compared to the 2026–27 flat rate VDO Victorian average household, assuming 4,000 kWh annual usage and shift in addition to existing usage)

	Bill difference \$ per year	Bill difference % per year
5% shift from peak times to the free usage period	-\$149	-9%
10% shift from peak times to the free usage period	-\$235	-15%
20% shift from peak and off-peak times to the free usage period	-\$332	-21%
30% shift from peak and off-peak times to the free usage period	-\$428	-27%
40% shift from peak and off-peak times to the free usage period	-\$571	-36%

We observed on average across the year that customers consume roughly 11 per cent of their daily electricity during the free usage period. As outlined above, our approach to calculating the Midday Power Saver tariffs is that costs assumed to be incurred during the free usage period based on the average customer load profile are recovered across all other time periods of the day.

Therefore, the scenarios above include the impact of this 11 per cent consumption and then reflect the benefit of additional load shift from either peak, or both peak and off-peak times, which would need to occur consistently over the year to achieve these savings. In other words, Table 1 shows savings from a five per cent shift from peak time into the free usage period, which reflects 16 per cent of a customer’s daily usage occurring in the free usage period.

Existing consumer protections should apply to the Midday Power Saver

Commission staff have been working with your department on consumer protections that should apply to the Midday Power Saver.

The Midday Power Saver should be a standing offer available to residential customers with a smart meter and offered by retailers with 1,000 or more customers. The protections set out in the Energy Retail Code of Practice (the code of practice) that apply to customers on standard retail contracts would also apply to the Midday Power Saver offer. This includes:

- the standard retail contract terms and conditions
- requirements for retailers to provide customers with clear advice and information
- the ability for customers to freely switch off the plan at any time with no exit fees

We also suggest that customers should give explicit informed consent to be placed on the Midday Power Saver. We suggest that customers also have access to a cooling off period after entering the contract. These are aligned with protections for market retail contracts.

These consumer protections for the Midday Power Saver Offer should be first set in an Order. At a later stage, the commission could make consequential amendments to the code of practice, following the initial post-implementation review of the Midday Power Saver, to account for potential additional amendments that might be required.

We also note that, as for all Victorian customers, customers on the Midday Power Saver can also access support for payment difficulty and are protected if they rely on life support equipment or are affected by family violence.

Retailers to give clear advice to customers before signing up

The Midday Power Saver will not be suitable for all customers. Customers who cannot shift sufficient usage to the free usage period could end up worse off.

In Victoria, clause 38 of the Energy Retail Code of Practice already requires retailers to give clear advice before obtaining a customer's explicit informed consent to enter a contract. This obligation applies to market and standard retail contracts. Therefore, it would apply to the Midday Power Saver offer, depending on how the offer is implemented through the Order.

Similarly, the Australian Competition and Consumer Commission (ACCC) introduced a new provision in its Electricity Retail Industry Code, requiring retailers to inform customers of the suitability of a Solar Sharer Offer.²

The commission considers the existing Victorian obligations already provide consumer protections comparable to, and in some respects broader than, the new provisions introduced by the ACCC. In particular, Victorian retailers must provide clear and understandable information (clear advice) relevant to a customer's decision-making and likely bill impacts. Table 2 compares the relevant protections across jurisdictions.

² See section 13 of the [Competition and Consumer \(Industry Code—Electricity Retail\) Amendment Regulations 2026](#).

Table 2: Comparison on Victoria’s information provision obligations with Solar Sharer Offer obligations

Information provision obligations	Victoria – existing rules under the Energy Retail Code of Practice	Other states – new rules under the Electricity Retail Industry Code
Suitability of offer	cl 38(1)(a) – information that the offer may not be suitable in all circumstances, and costs can vary	s 13(a) – information that the offer is best suited to those who can shift their electricity usage
	cl 38(1)(e) – information about the cost impact for moving to a new tariff structure	s 13(b) – information that not shifting usage to the free period could result in higher electricity costs
Charges for exceeding the fair use cap	cl 38(1)(a) – information about charges (amounts payable) that vary depending on customer’s actions e.g. for usage that exceeds the fair use cap)	s 13(c) – information about a variable charge for usage that exceeds the reasonable use cap
Information about other suitable plans	cl 38(1)(d) – information on other plans the retailer reasonably believes may be more suitable for the customer	-
Estimated dollar impact on the small customer	cl 38(6)(a) – in so far as possible, information on costs must include an estimate of the dollar impact on customer	-

After the Order is made, we will publish industry guidance setting out our compliance expectations with clear advice obligations under clause 38 of the Energy Retail Code of Practice for the Midday Power Saver. Our specific expectation is for retailers to give customers the following information:

- That the Midday Power Saver may not be suitable in all circumstances. It is best suited to customers who can shift their electricity usage. Not shifting usage could result in higher electricity costs. Customers may be charged if they exceed the fair use cap.
- Almost all customers taking up the offer would be moving to a new tariff structure. Therefore, the retailer must provide information about the cost impact that the new tariff structure may have for the customer including, in so far as possible, an estimate of the dollar impact on the customer.
- Any other plans the retailer reasonably believes may be more suitable for the customer (based on any relevant information the retailer has regarding the customer).

Best offer messaging

As a generally available offer, the Midday Power Saver would be included in best offer calculations. This means it could appear in the best offer message on bills (particularly for customers already on a time-of-use offer). This is aligned with the interaction of the Solar Sharer

Offer and best offer checks in other jurisdictions.³ In practice, retailers generally compare like-for-like plans when determining “best offer” messaging.

Allow the commission to update the methodology in future years if required

We recommend that the Order in Council for the Midday Power Saver gives the commission flexibility to determine the most appropriate methodology for setting Midday Power Saver tariffs in future years. This would allow us to review and update key design elements over time if necessary – such as the timing of the free usage window, the threshold for the fair use cap and the load profiles used – based on current data and through consultation with interested parties. Granting the commission the discretion to refine the methodology over time, and in accordance with an overarching objective (as is the case with the Victorian Default Offer), would help ensure our approach remains responsive to any changes in market conditions and continues to support the Government’s explicit policy objectives.

The supporting Technical Paper provides further detail on the methodology and assumptions underpinning our recommended tariffs and consumer protections for the 2026–27 Midday Power Saver. We hope this advice and the attached Schedule 1 of recommended tariffs, assists you with designing and implementing the initial Midday Power Saver. We look forward to continuing to work with your department ahead of its introduction into the Victorian market.

If you would like any further information, I can be contacted on [REDACTED] [REDACTED]
[REDACTED]

Yours sincerely

[REDACTED]
Gerard Brody
Chairperson

³ See the Australian Energy Regulator’s [Solar Sharer Offer design factsheet](#).