

**Minister for State Growth  
Minister for Energy  
Minister for Environment, Parks and Heritage**

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26 APR 2016

Mr Joe Dimasi  
Tasmanian Economic Regulator  
By email: [office@economicregulator.tas.gov.au](mailto:office@economicregulator.tas.gov.au)

Dear Mr Dimasi

The Government is supportive of the transitional approach outlined by Aurora Energy in its Draft Standing Offer Price Strategy (as part of its 2016 Retail Price Determination) to improving the cost reflectivity of standing offer tariffs available to consumers. This approach is consistent with the Tasmanian Government's Energy Strategy objectives of ensuring predictable electricity prices that are also the lowest possible genuinely sustainable prices over the longer term.

However, the Government would like to ensure that such a transition aligns with the Australian Energy Regulator process for distribution network pricing commencing from July 2017. It is important that consumers do not face price shocks but that tariffs do transition to give customers greater choice about how they manage their energy use and bills, particularly as the way electricity is generated and supplied continues to change.

The Government also supports the introduction of new standing offer Time of Use (ToU) tariff as part of this transition. While a retailer has the ability to offer a market based product, the confidence and oversight provided through the standing offer process would give customers more confidence to pursue new tariff structures. Having a choice between the existing tariffs and a time of use standing offer tariff will increase the available tariff choices and allow consumers, including customers with solar PV installations, to choose the tariff product that best suits their circumstances.

The availability of ToU tariffs will also provide the opportunity for consumers with grid-connected solar PV systems to offset solar generation against on-site consumption. Depending on individual circumstances, this could result in improved outcomes for these customers.

Yours sincerely

A handwritten signature in black ink, appearing to read "M Groom".

Matthew Groom MP  
**Minister for Energy**