



Melbourne VIC 3000

26 November 2024

To Commissioners,

Energy Consumer Reforms - Discussion Paper

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Essential Services Commission's (the Commission) discussion paper, which seeks to progress a package of reforms to support prioritising protections for consumers experiencing payment difficulty.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet that includes renewables, gas-powered generation, diesel peakers, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

ENGIE strongly believes that a robust and dynamic consumer protection framework can maximise positive long-term consumer outcomes while promoting strong and fair competition in the market. However, ENGIE contends that the priority reforms outlined in this discussion paper focus on areas where markets, regulatory settings and safeguards largely operate appropriately. We encourage the Commission to prioritise reforms that deliver meaningful, long-term improvements that address areas of risk and consumer harm to promote holistic solutions with consideration for retailer implementation.

Additionally, we note that the Australian Energy Market Commission (AEMC) is considering similar reforms to the National Energy Retail Rules (NERR). Consistency between the reforms proposed by the AEMC and the Commission will be crucial to ensure streamlined implementation. Misalignment in rules could add complexity to compliance processes, increasing administrative burdens and resulting in higher costs that are ultimately passed on to consumers.

ENGIE's response to the discussion paper provides commentary on the five proposed priority reforms, with consideration for desired outcomes, options, benefits and challenges.

Automatic best offer for customers experiencing payment difficulty

Existing regulatory settings and safeguards are helping vulnerable customers find a cheaper energy deal

ENGIE firmly advocates that energy retailers should offer consumers experiencing vulnerability a product that best fits their financial circumstances. Our call centre staff are trained to provide individualised assistance to vulnerable consumers under the established Payment Difficulty Framework, including assessing the most cost-effective tariff suited to each customer's needs. As noted in the Commission's Victorian Energy Market Report, customers receiving payment difficulty assistance have consistently paid a lower median price per kWh for electricity relative to other residential customers.¹ This indicates that current mechanisms are helping the majority of vulnerable customers find a better energy deal.

However, a smaller percentage of vulnerable customers have not switched to a better deal. ENGIE queries whether introducing additional regulatory requirements is appropriate, particularly if requirements involve significant implementation costs. Additionally, as outlined below, some customers may intentionally opt not to switch to a seemingly cheaper offer, preferring access to non-price benefits instead.

Consumers do not always prefer the offer with the lowest price

As noted above, ENGIE's call centre staff are trained to check whether a customer is on the most affordable energy plan and offer to switch the customer to that plan. However, not all customers will choose to switch to an alternative plan with lower tariffs. For example, this may be because customers choose to offset their emissions by paying an additional fee for GreenPower or prefer a higher feed-in tariff. Some vulnerable customers also value additional features within their energy plans, such as rewards programs (e.g. movie tickets), which provide non-monetary benefits.² Also, as will be discussed further in our feedback on the 'Improving the ability to switch to the best offer' reform, customers may choose not to switch to an alternative plan due to the time and effort involved in the sign-up process.

The three initial options presented to switch vulnerable customers to the best offer pose implementation and market dynamic challenges

ENGIE does not support the option to credit the difference between a customer's current plan and the deemed best offer. This approach would likely provide customers with the benefits of a lower-priced best offer only for the duration of their participation in the hardship program, after which they would revert to their previous plan. This option also risks removing any incentive for customers to switch to a new offer upon entering the hardship program, as they would effectively receive the same price without taking action. Such an outcome undermines efforts to promote longer-term engagement with the energy market. ENGIE contends a more effective solution would encourage customers to actively engage with their retailer and transition to a better offer that provides lower rates on an ongoing basis.

¹ Essential Services Commission, *Victorian Energy Market Report*, 2024. [Link](#).

² Uniting, *Game Changer Consumer Workshops*, 2023. [Link](#).

Retailers would also need to implement significant system upgrades to accommodate the crediting mechanism and tariff reduction options, such as reconfiguring billing platforms, updating customer management systems, and integrating new data processing capabilities. The resulting compliance risks and operational complexities may ultimately undermine the intended benefits to consumers.

Through a process of elimination, automated switching to the best offer emerges as the least unfavourable option to achieve the desired outcomes outlined in the discussion paper. As such, a trial of Option 3 from the AER's *Game Changer* report may be an appropriate next step as it seeks customer consent for automated switching and maximises consumer flexibility and control.³ However, this option is not without its limitations. ENGIE notes that any new automation process would require significant system upgrades.

Tailored assistance for customers who cannot pay ongoing costs is the most appropriate eligibility criterion to access automatic switching

ENGIE considers that an appropriate eligibility criterion for access to automatic switching should align with defined customer cohorts in the Energy Retail Code of Practice. ENGIE's preference is that automatic switching is limited to residential customers who are eligible for tailored assistance and cannot pay the full cost of their ongoing usage. This is the customer cohort that would most benefit from a reform that intends to help customers access the lowest price and be in a better position to pay debts faster.

By contrast, a threshold-based approach, such as setting a debt limit of \$300 fails to account for the nuances of customer circumstances. Customer debt does not necessarily mean a customer is experiencing payment difficulties.

Improving the ability to switch to the best offer

An outcomes-based approach provides retailers with the scope to innovate

ENGIE supports an outcomes-based approach over prescriptive requirements to improve customers' ability to switch to the best offer. This approach would allow retailers to adapt switching processes to consumer needs while enabling effective performance monitoring for the Commission.

We encourage the Commission to consider the consumer impact and practical implications of any prescriptive requirements that may be implemented. For instance, the discussion paper suggests the use of hyperlinks on bills. However, market research from the Australian Government's Behavioural Economics Team indicates that even minor 'friction costs,' such as clicking a link, can significantly deter consumers from engaging with their energy bills.⁴ Any prescriptive requirement proposed by the Commission should therefore be designed to be user-friendly for consumers and feasible for retailers to implement effectively.

³ Australian Energy Regulator, *Game Changer Report*, 2023. [Link](#).

⁴ Behavioural Economics Team of the Australian Government, *Improving Energy Bills: Final Report*, 2021. [Link](#).

Simplifying constraints for customers switching between offers may alleviate perceived barriers

ENGIE is supportive of reforms that would reduce the time and effort for customers to switch to the best offer. The Energy Retail Code of Practice currently includes stringent requirements for obtaining explicit informed consent (EIC) and providing ‘clear advice’ to customers, which add to the length of time required to complete a sign-up process.⁵ The Commission may need to review and ease these obligations to reduce the time involved for consumers to switch offers.

Enhancing the Victorian Energy Compare (VEC) website is an alternate lever to improve customers’ ability to find a better offer

ENGIE contends that if the Commission aims to improve customers’ access to the best offers, an effective strategy may also involve enhancing and promoting the VEC website. ENGIE supports Energy Consumer Australia’s recommendation that the Commission audit the VEC website to assess whether it is a fit-for-purpose service for residential and small business consumers.⁶ ENGIE suggests this audit consider future needs and identify enhancements to offer a truly comparative experience. As a first step, ENGIE proposes that standardising usage profiles could provide consumers with enhanced consistency when comparing retailer offers.

Improving the application of concessions to bills

Long-term meaningful reform should be prioritised to improve the application of concessions

ENGIE supports efforts to increase concession uptake. Approximately 93 per cent of concession holders receive energy concessions on their electricity bill, which highlights the strength of current processes in applying concessions effectively.⁷

ENGIE contends that efforts to improve the concessions process should prioritise meaningful reforms that deliver tangible benefits, rather than focusing on minor amendments with limited impact. The primary issue with the current process is that customers must register their concession eligibility to their retailer, which the government must validate before application. Retailers interact with customers but lack information on who is eligible for concessions, while the government holds eligibility data but does not know customers’ chosen retailers. As such, customers having to provide their concession to the retailer impedes universal concession uptake.

While outside the scope of this review, ENGIE proposes that governments prioritise the introduction of mechanisms that enable government-held concession data to be automatically shared with and applied by a customer’s new retailer. Although this approach would require reform across government departments, it

⁵ Essential Services Commission, *Energy Retail Code of Practice (version 3)*, 2023. [Link](#).

⁶ Energy Consumers Australia, *Submission to the Essential Services Commission Issues Paper – Review of Energy Retail Code of Practice*, 2024. [Link](#).

⁷ Essential Services Commission, *Energy Consumer Reforms - Discussion Paper*, 2024. [Link](#).

addresses the fundamental barriers in the current process and the potential to improve customer outcomes.

In the short term, local engagement through community outreach programs may help target the small number of customers not receiving a concession on their energy bill

ENGIE contends a community-centred approach may be a short-term lever to capture some of the small percentage of Victorian customers who are eligible, but not receiving a concession on their electricity bill. Retailers contacting vulnerable customers who have opted not to provide their concession cards at ‘unexpected times or places [may] increase their vulnerability’.⁸ Further, a customer may be unable to make an informed decision if they rely on a support person who is unavailable at the time of contact.

A targeted, community-based approach may be a more appropriate mechanism to reach customers experiencing vulnerability. For example, Neighbourhood Houses Victoria provided just under 6,000 individuals with energy affordability support during the third round of the Power Savings Bonus scheme, including assistance with energy bill literacy, concession backdating, comparing energy offers, accessing the Utility Relief Grant Scheme and understanding the VDO.⁹ This approach demonstrates the effectiveness of community-based initiatives in addressing energy affordability challenges and highlights its potential to support vulnerable customers.

Extending protections for customers on legacy contracts

Rule changes should generally be applied prospectively, rather than retrospectively

ENGIE contends that retrospectively applying rules, such as removing the grandfathering arrangements in the reform to cap conditional pay-on-time discounts, undermines key principles of effective regulation. Retrospective laws can cause practical difficulties for businesses including actual and reputational damage to the market, high compliance costs; and unintended consequences from increased regulatory complexity.¹⁰ For these reasons, ENGIE does not support the proposal to extend the reform to conditional pay-on-time discounts to contracts entered into before 1 July 2020.

Moving legacy customers to new contracts without their consent undermines EIC

In relation to implementation options, ENGIE would not support any rule changes that require customers on legacy contracts to be moved to new contracts without their consent. This approach would undermine

⁸ Australian Competition and Consumer Commission, *Consumer Vulnerability: Insights and Actions*, 2021. [Link](#).

⁹ Neighbourhood Houses Victoria, *Annual Report 2022-23*, 2023. [Link](#).

¹⁰ Australian Law Reform Commission, *Traditional Rights and Freedoms – Encroachments by Commonwealth Laws (ALRC Report 129)*, Chapter 13: *Retrospective Laws*, 2016. [Link](#).

EIC as mandating contract changes without consent risks customer confusion, reduces trust in the consumer protection framework, and may erode customer confidence in their retailer.

Improving awareness of independent dispute resolution services

Victorian billing rules should not be aligned with the AER's Better Bills Guideline

ENGIE agrees it is beneficial to wait until the AER has concluded its review of the costs and benefits of implementing the Better Bills Guideline before reviewing other bill information requirements. As outlined in our submission to the issues paper, ENGIE does not support aligning Victorian billing rules with the AER's Better Bills Guideline as we do not consider there is evidence of a market failure with energy bills in Victoria that justifies significant changes to the billing rules.¹¹ ENGIE also notes that it will be challenging to maintain consistency with the Better Bills Guideline over time without the AER and the Commission simultaneously making changes to their jurisdictional billing rules.

The secondary pages of bills are the most appropriate location for Energy and Water Ombudsman Victoria (EWOV) contact details

ENGIE considers it important that customers first engage with their retailer to resolve a query before contacting EWOV. Including EWOV's contact details on the first page of bills may instead compel customers to contact EWOV and drive up the costs for participation in the ombudsman scheme. ENGIE would instead support a requirement on retailers to include EWOV contact details on secondary pages of energy bills. This would ensure that customers have clear access to EWOV's contact details, along with appropriate context on the complaints process. ENGIE contends that this approach strikes an appropriate balance between providing consumers with relevant ombudsman details while reinforcing the principle that retailers should be the first point of contact for resolving customer queries.

Additionally, ENGIE is concerned about any regulatory extension requiring the inclusion of EWOV's contact details in billing-related communications beyond the physical bill itself. Customers who do not routinely interact with their physical bills, such as those with direct debit arrangements, are unlikely to engage with such extended provisions.

¹¹ ENGIE, *Energy Retail Code of Practice Review – Issue Paper*, 2024. [Link](#).

Concluding remarks

ENGIE looks forward to working actively with the Commission to ensure that Victorian energy regulations can maximise positive long-term consumer outcomes, promote strong and fair competition in the market and deliver meaningful improvements that address areas of risk and consumer harm.

Should you have any queries in relation to this submission please do not hesitate to contact me by telephone on [REDACTED].

Yours sincerely,

[REDACTED]

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