



Hon Lily D'Ambrosio MP

Minister for Climate Action
Minister for Energy and Resources
Minister for the State Electricity Commission

8 Nicholson Street
East Melbourne, Victoria 3002
Telephone: 03 9637 9504

MBR-240701785

Gerard Brody
Chairperson
Essential Services Commission of Victoria
Level 8, 570 Bourke Street
Melbourne VIC 3000

Dear Gerard Brody

I welcome you as the new Chairperson of the Essential Services Commission.

The Victorian Government has a strong track record of reforming Victoria's energy retail market to ensure that Victorians have access to fair energy prices and strong energy consumer protections. Acknowledging that Victorians continue to face cost of living pressures, the Victoria Government is focused on considering how energy consumer protections can further safeguard households and small businesses.

Following Energy Ministers agreeing to progress a package of energy consumer reforms at the Energy and Climate Change Ministerial Council (ECMC) on 19 July 2024, the Australian Energy Market Commission (AEMC) has received all 7 rule change requests. The rule change requests relate to:

1. Ensuring energy plan benefits last the length of the contract.
2. Removing unreasonable conditional discounts.
3. Preventing price increases for a fixed period under market retail contracts.
4. Improving the ability to switch to a better offer.
5. Assisting hardship customers.
6. Improving the application of concessions to bills.
7. Removing fees and charges.

While the AEMC's rule determinations will not apply to Victoria, Victoria is well positioned to consider how the proposals could further strengthen our energy rules. Significant reforms, including Victoria's Payment Difficulty Framework (PDF), best offer framework and 'clear and fair' contract reforms have been in place since 2019 and 2020. The latter included limiting price increases to once a year for market retail contracts and once every 6 months for gas standard retail contracts. In addition, Victoria has already prohibited retailer late payment fees and exit fees.

Despite these reforms, it is essential Victoria's energy rules remain fit-for-purpose and continue to safeguard Victorian households and small businesses, particularly in this time of cost-of-living pressure, and as we navigate the energy transition.

I understand that the Commission is currently reviewing its Energy Retail Code of Practice (ERCoP) and I am seeking your support to consider, at a minimum, how the ERCoP could match the proposed reforms in the Department of Climate Change, Energy, the Environment and Water's (DCCEEW's) rule change requests, whilst also having regard to:

- Victoria introduced reforms in July 2020 requiring any benefits must last the length of the contract. This applies to new retail market contracts from 1 July 2020 onward. Consider ensuring that customers on evergreen contracts pre-1 July 2020 are similarly safeguarded.
- While Victoria implemented caps on pay-on-time discounts for new market contracts from 1 July 2020, consider ensuring that all energy customers (including those with contracts



pre-1 July 2020) are protected from paying unreasonable costs as a result of not meeting their pay-on-time discounts.

- Consider new obligations to provide a simple, streamlined process for consumers to switch to their retailer's best offer, thereby minimising transaction costs and enhancing consumer engagement with the energy market.
- Consider new proactive obligations to assist customers receiving support under the PDF by removing barriers to switching to a better offer, and ultimately, helping customers under the PDF reduce their energy bills. Noting that any consideration of automatic switching needs to be balanced with the inherent consumer protection of explicit informed consent, by building in protections to ensure a customer maintains agency. The Commission may also want to consider how trusted third parties, such as financial counsellors, could more effectively support customers getting onto their best offer.
- Consider new obligations to proactively seek concessions information from both new and existing customers regarding eligibility for energy concessions. The Commission may also consider requiring retailers to transfer information on concession status when a consumer switches retailer.

At its 19 July meeting, the ECOM agreed that the AEMC be requested to prioritise consideration of a number of the above rule change requests. I therefore request that the Commission provide a response including its planned approach and timing, to incorporate consideration of the above reforms into its ERCoP review.

If you have any questions regarding this request, please do not hesitate to contact Lyn Bowring, Executive Director, Consumer, Community and First Peoples' Energy Transition, Energy Group, Department of Energy, Environment and Climate Action at [REDACTED]

Yours sincerely

[REDACTED]

Hon Lily D'Ambrosio MP
Minister for Climate Action
Minister for Energy and Resources
Minister for the State Electricity Commission

03 / 10 / 2024