

19 July 2024

Essential Services Commission  
Level 8/570 Bourke St  
Melbourne VIC 3000

Submitted via website: [www.engage.vic.gov.au](http://www.engage.vic.gov.au)

Dear Sir/Madam

### **Energy Retail Code of Practice Review - Issues Paper**

Thank-you for the opportunity to provide a submission in response to the Energy Retail Code of Practice Review – Issues Paper (The Paper)

Momentum Energy Pty Ltd (**Momentum, our or we**) is an Australian operated energy retailer, owned by Hydro Tasmania, Australia's largest generator of renewable energy. We pride ourselves on providing competitive pricing, innovation and outstanding customer service to electricity consumers in Victoria, New South Wales, South Australia, Queensland, the ACT and on the Bass Strait Islands. We also retail natural gas to Victorian customers.

#### **1. Overview**

Momentum supports this review of the Energy Retail Code of Practice (Code) to ensure it continues to reflect legislative and statutory requirements. It is also important to ensure the Code remains fit-for-purpose and continues to provide appropriate protections for customers. We note from the Paper the consideration of including some similar provisions that exist in the National Energy Customer Framework (NECF) into the Code. Whilst this may appear beneficial for individual provisions, we hope that a more holistic view is taken regarding the package of the NECF provisions compared to the Code. We are not convinced that selecting individual provisions from either package of customer protection provisions will deliver any meaningful or measurable benefits that would offset the implementation costs. We support the proposal to assess and cost any proposed changes to the Code via a regulatory impact statement. This should provide all consumers with the confidence that proposed Code changes have been suitably evaluated to ensure they deliver a cost benefit. With the ever-increasing cost of energy, due largely to the transition to renewable energy generation, it is even more paramount that new regulatory provisions do not impose increased costs to all customers without justified benefits.

#### **2. Protections for Consumers Experiencing Vulnerability**

##### **a) Family violence**

Momentum provides comprehensive family violence(FV) training to all staff as well as specific training to call centre operators on this topic in accordance with both NECF and Code obligations. There is a general view that the more training a person receives on a subject the better equipped they will be to identify and resolve a case. The current awareness of FV issues in the community is substantial and our call centre operators are well trained and aware of this issue. We are not certain that any additional training based on a narrower focus would deliver benefits, but we are open to this being tested. With regard to considering additional elements of the NERR that may strengthen the Victorian rules we believe that Momentum already implements some of the activities mentioned. For example, Momentum already considers the customer's situation prior to transferring debt to a third party especially where an account is flagged as FV. Nevertheless, we are supportive of a more detailed assessment of additional measures that may further support vulnerable customers.

b) Payment difficulty framework

While customer contact staff at Momentum undergo various training covering customer, empathy, family violence, hardship etc we would be supportive of investigating a uniform approach to this form of training across all retailers, as we believe it would benefit the market by providing more confidence for consumers that they will receive similar support no matter what retailer they deal with.

c) Obligation to place debt on hold for six months

It is our experience that very few customers in our hardship program, that have their arrears debt placed on hold, recover from their temporary or permanent loss of income sufficiently to also make payments off their arrear's debt. Once a customer enters our hardship program and is placed on an affordable payment plan, that relates to their ongoing energy usage, with their arrear's debt placed on hold, the customer may lose sight of their arrear's debt. This often places the customer under increased stress should they not be able to pay the debt after the six-month period. Therefore, there is a risk that they will seek to exit the hardship plan with their arrear's debt still outstanding. There is also a risk that they will default on payment plans several times and then exit the hardship plan with an increased debt (ongoing usage plus arrears) from when they entered the program.

We also often find that after exiting the hardship plan for a short period customers will re-enter the hardship plan to avoid the threat of disconnection. They basically cannot manage their outgoing costs particularly when they are on government benefits. These debts will inevitably be written off by Momentum and reported as bad debt to the various regulators to be ultimately recovered in the cost of energy to all customers. For many consumers this is a rising cost of living issue that extends much more broadly than energy affordability. The option of placing debt on hold is probably best managed, at the discretion of the retailer, as they will have a detailed understanding of the customer's billing history and if they are likely to benefit from this option.

#### d) Utility Relief Grants and Concessions

Momentum raises Utility Relief Grants (URGs) and energy concession availability at appropriate times in discussions with customers. We also work through the URGs application process with customers and assist them to submit the application forms to minimise rejected applications and to assist customers with low literacy levels. We suggest the following improvements for URGs:

- Ability for customers to nominate where the URGs amount should be allocated. For example, if a customer moves address, they become ineligible to allocate their URGs to a closed account with debt. URGs should be allowed to be used on previously accrued debt.
- The application process for URGs needs to be simplified for customers and retailers as currently it takes around 12-15 minutes to complete; and
- The application form is excessively long and challenging particularly for customers with language barriers or low literacy.

Suggested improvements for energy concessions are:

- Concessions are not portable when a customer moves. This requires a new application to be made by the customer which often results in a period of ineligibility for the concession which can create duress for customers; and
- Backdating of concessions is complex as it involves adjustments per invoice depending on the commencement date for the concession. This is time consuming for the retailer and difficult for customers to understand. It could be improved if the concession was based on daily rate rather than a percentage of the bill.

#### e) Energy Efficiency

The benefits that improved energy efficiency of the home or small business premise can deliver are undisputed, particularly related to energy affordability. We endeavour to raise the awareness of energy efficiency improvements and supporting government programs with customers at various opportunities in our discussions with customers. Our hardship team discusses energy saving tips and practical advice on how to lower energy bills with every customer. We also offer energy audits via third parties funded by Momentum. The general feedback from our third parties is that there is little uptake of this advice.

We believe there is also an increasing awareness of the various types of energy efficiency improvements currently available. We have noticed many home improvement retail outlets actively promoting home insulation products during this cold winter period in Victoria. Unfortunately, many consumers do not have the available funds to purchase these discretionary items so we are not sure that this issue can be resolved by simply providing more education and information.

We have previously raised concerns about the Victorian Energy Upgrades (VEU) program with the Essential Services Commission (ESC) and the Victorian Department of Energy, Environment and Climate Action related to the rising cost of Victorian Energy Certificates and the lack of liquidity in the Victorian energy efficiency certificate market. This has resulted in a review of the VEU program over the coming two years. Many of the new VEU approved activities are much more complex for consumers to understand and implement. They often involve a financial contribution by the customer/homeowner and possible power supply upgrades to the home. This will undoubtedly cause this avenue for improved energy efficiency more difficult for many consumers to embrace. Most of the simpler and less costly former VEU activities have now been undertaken in most homes and therefore the direct promotion of this scheme to customers by retailers is of limited value.

Without more evidence, we do not believe that more prescriptive or expanded regulations in the Code, regarding the provision of energy efficiency advice by retailers is required.

### **3. Supporting the choices for energy consumers**

#### **a) Supporting Customers who want to disconnect from gas**

Momentum is a keen advocate of the Victorian Government's degasification program as we support its intent and have developed a partnership with an electrical contractor "Goodbye Gas" to assist our customers to electrify their homes. We will further assist our customers by funding the gas network's abolishment costs for any customers that take up our Goodbye Gas product. Nevertheless, we see no need for any additional regulatory intervention into the gas abolishment process of residential and small business properties. Gas abolishments and disconnections are currently managed by our business as standard service orders to the gas networks. A customer calls our call centre, requests a gas disconnection or abolishment and we advise a likely cost and timeframe for the work to be completed. The gas network then completes the work, and we subsequently bill the customer and close their gas account. We understand that the concept of abolishment versus disconnection may not be well understood by many customers, but this is and can be readily addressed when the customer calls our call centre to request the service. We confirm the reason for the gas disconnection or abolishment and we will advise accordingly which service is required. The Code is essentially a regulatory instrument to protect customers with all aspects of the supply and sale of energy to small customers. We do not currently see any issues in the gas abolishment process that requires additional regulatory intervention.

#### **b) Energy Bill Information requirements**

The Australian Energy Regulator's (AER) Better Bills program was implemented, because of a National Electricity Retail Rule (NERR) rule change, submitted in April 2020 to the Australian Energy Market Commission by the then Minister for Energy and Emissions Reduction, the Hon Angus Taylor MP. It resulted in a comprehensive review of electricity bills in non-Victorian jurisdictions largely based on consumer concerns regarding the increasing complexity of electricity bills and to achieve a consistent layout of all retailer's bills to avoid consumer confusion when switching retailers. Retailers estimated the total cost of implementing this rule change across all retailers was more than \$100M<sup>1</sup>. Momentum made a conscious decision to not attempt to merge the Victorian billing requirements into the AER's Better Bills format as regulatory consistency between Victoria and the rest of the National Electricity Market was unlikely to ever occur or remain aligned. Therefore, we do not believe there is any cost saving benefits in now embracing the AER's Better Bill format for Victoria. Moreover, we are not aware of a post implementation review, of the AER's Better Bills program, that could justify the cost of implementation. Non-Victorian customers have not found their electricity bills to be more affordable since the implementation of the Better Bills rule change. Furthermore, the NSW ombudsman has reported to retailers that some customers find it difficult to find specific billing information on retailer's bills since the change to the Better Bills format. We remain unconvinced that the AER's Better Bills format has delivered value to non-Victorian customers and see no reason to replicate this bill format for Victoria.

c) Accuracy of Information on Victorian Energy Compare Website

Momentum believes there would be a benefit in clarifying or defining the terms used on fact sheets as this will support a more accurate comparison of prices for customers that use the Victorian Energy Compare website. We believe there is value in reviewing this aspect of the Code as it could improve customer outcomes and will not involve significant system change costs.

We also appreciate the confusion that can be created by outdated offer information remaining on the Victorian Energy Compare website. We would support a review of this arrangement and see merit in some direction to establish a minimum time to remove outdated offers. We suggest that within two business days, would be a reasonable low cost to implement obligation, in preference to the suggested removal within 24 hours.

#### **4. Pricing and Contract Provisions**

a) Best Offer and Bill Frequency

Momentum would support a fundamental review of the best offer obligations. We believe that a post implementation review of best offer messages should be conducted prior to considering any changes to this regulation or bill frequency. Otherwise, we are guessing on what is effective and what is not. For example, it may be that the more times a customer sees the best offer message on their bill the more inclined they are to ignore it. We believe

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<sup>1</sup> Seed Advisory [Better Bills Guideline – Retailer Cost Analysis \(energycouncil.com.au\)](https://www.energycouncil.com.au/better-bills-guideline-retailer-cost-analysis)

an independent expert research organisation should be appointed to review the effectiveness of best offer messages. Retailers should not be expected to make expensive system changes to the frequency of best offer messages and or the frequency of billing for both standard and market offers, without evidence of the success or otherwise of this form of messaging.

b) Clarifying unclear definitions: Standard offers

While we understand the ESC's concerns with this issue, we are firmly of the view that consumers will always struggle with understanding the difference between a market offer/contract and a standard offer/contract. The energy industry in Victoria and nationally has been using these terms for at least the past 25 years following the commencement of the competitive energy market. Unfortunately, the average everyday energy consumer does not understand the different terms or pricing of either a market or standard contract. Nor do they want to take the time to understand the differences. They just want a reliable good energy supplier that delivers energy at a reasonable price. Momentum urges the ESC to proceed cautiously with making changes to terms etc., at this late stage of the introduction of the competitive market, as they may further confuse the small percentage of consumers that do understand the current terminology.

c) Clarifying unclear definitions: Pay-by Date

The term 'pay by date' is self-explanatory and the Code already specifies 'pay by date' requirements regarding the bill issue date and information about assistance and reminder notices etc. We understand the concerns raised in the Paper with some customers that may be on various payment plans etc. However, any proposed changes to the definition of pay-by date or the term must ensure that the meaning of this long-standing term is not negatively impacted. We don't believe that changes are required for this term or its definition.

d) Clarifying unclear definitions: Arrange a disconnection

The term 'arrange a disconnection' has been in use in Victorian legislation and the National Energy Retail Rules for many years and is well understood by retailers, distributors and consumers. We believe that consistency in terminology across various regulatory instruments is important as it also ensures uniformity in business processes and controls. We do not believe this term is unclear or requires further definition.

e) Disclosure of additional retail charges in contract terms & conditions

Providing all additional retail charges in retail contracts is onerous and complicates price variations that are already difficult to implement under tight timelines. Specifying the additional charges for all services could restrict a retailer's ability to adapt to the changing market conditions such as those being designed under the National Energy Market reform program. We note the reference to the gas abolishment charge which was recently reduced

to \$220 by gas distributors. These fees are better published on retailers' websites than on individual contract terms so that variations and new charges can be readily updated.

f) Requirement to publish changes of tariffs and charges in newspapers

Momentum supports the removal of the obligation to publish variations and charges of standard retail contracts in a newspaper. This was an onerous task that is superseded by other sources of published tariff information such as the Victorian Energy Compare website and retailer websites.

g) Use of preferred communication method

We believe that the current requirements regarding the preferred method of communication are appropriate. As highlighted in the Paper, the use of the customer's preferred communication method may not always be practicable especially for customers in arrears and facing payment difficulty. Using multiple methods of communication to contact the customer would mean a higher probability of engagement and assist to meet any best endeavors obligations.

h) Receipt of communications and notices

Momentum is firmly of the view that alignment with the Electricity Distribution Code of Practice "presumed receipt" rules for the Energy Retail Code of Practice is not appropriate. There would be significant implications for other Code obligations covering various provisions, some of which are already constrained under tight timelines imposed by related regulatory decisions. For example, the time period to provide price variation notices would likely be increased from the current presumed receipt period under Australia Posts' deemed delivery timelines of three business days to four business days if aligned to the Electricity Distribution Code. Moreover, any changes to the current arrangements will have significant system impacts for Momentum.

i) Clarifying timelines for compliance with certain obligations

With regard to the proposal to amend the timeline, under a retailer of last resort event, to cancel a customer's direct debit arrangement from the current obligation of "Immediately", to "one business day" we support his change as it provides greater clarity.

With regard to the proposal to clarify that a disconnection warning notice must be "received" rather than "issued" we note that under the payment difficulties framework (PDF) there are other customer entitlements and timelines for delivery of information etc. Therefore, we would not like to see this particular timeline changed without a more holistic view of all of the PDF timelines.

## 5. Summary

We look forward to discussing the issues raised in this Paper and any resulting changes to the Code. The proposed timeline for the implementation of any changes should be further discussed after the draft determination when the system impacts are better understood. We urge the ESC to provide at least 9 -12 months for implementation of these changes following the final determination as this will minimise costs and reduce the risk of non-compliance for retailers.

Should you require any further information regarding this submission, please do not hesitate to contact me on [REDACTED] or email [REDACTED]

Yours sincerely

[REDACTED]  
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Regulatory Manager