

22 November 2024

Essential Services Commission
Level 8, 570 Bourke Street,
Melbourne Victoria 3000
By email: energyreform@esc.vic.gov.au

Dear Essential Services Commission,

Re: Submission on Proposed Energy Consumer Reforms

This submission is in response to the proposed priority reforms to the Energy Retail Code of Practice (ERCOP) in Victoria, as outlined in the "Energy Consumer Reforms" document. We acknowledge the intent to improve energy affordability and consumer protections, but we have concerns regarding the feasibility and unintended consequences of some reforms.

Detailed Issues and Suggested Solutions

Issue 1: Automatically Switching Customers to the Best Offer

Concern: Automatically switching customers experiencing payment difficulty to the retailer's best offer or crediting them the price difference presents significant operational challenges. The current best offer obligation requires periodic assessments, which may not fully account for individual customer circumstances, potentially leading to dissatisfaction and unintended financial strain on customers.

Suggested Solution: Implement an automated process that requires explicit informed consent (EIC) from customers. When entering a tailored payment plan, customers should be given detailed information on the implications and benefits of switching to the best offer. This process ensures they make informed decisions, mitigating potential dissatisfaction and financial strain.

Issue 2: Streamlining the Best Offer Switching Process

Concern: Streamlining the switching process through various channels like phone, website, and apps, while beneficial, could impose significant costs and operational challenges, particularly on small retailers. The diverse capabilities of retailers must be considered to ensure fair implementation and competition.

Suggested Solution: Develop a flexible solution that accommodates the capabilities of both large and small retailers. This could include providing technical support and potential subsidies to offset the cost implications. A tiered implementation plan based on retailer size and resources may also be explored to ensure a fair and smooth transition.

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Issue 3: Proactively Seeking Information About Customers' Concession Eligibility

Concern: Proactively seeking information about customers' concession eligibility requires strict EIC to access data from Services Australia. This adds complexity to the process and may not effectively streamline the concession verification process, impacting both retailers and customers.

Suggested Solution: Collaborate with the Department of Families, Fairness and Housing (DFFH) to establish a centralized system for managing concession details. This system should automatically share relevant information with retailers, reducing the administrative burden and ensuring that more customers receive their entitled concessions without additional complexity.

Issue 4: Extending Price Protections to Legacy Contracts

Concern: Extending price protections to contracts entered into before July 2020 necessitates significant changes to billing systems. Retailers require clear and detailed guidelines from the Commission on what needs to be transitioned, including timelines and specific steps.

Suggested Solution: Provide detailed and phased guidelines for transitioning affected contracts. The Commission should offer support and resources to help retailers make necessary billing system adjustments. A phased approach with clear deadlines and ongoing support will facilitate smooth implementation and compliance.

Issue 5: Including the Energy Ombudsman's Contact Details on Bills

Concern: While we agree with including the Energy Ombudsman's contact details on bills, it must align with the current Better Bill Guidelines or any future billing standards adopted by the ESC. This change will necessitate updates to billing templates and processes, which must be managed carefully to avoid customer confusion and operational disruption.

Suggested Solution: Ensure that the inclusion of contact details is integrated seamlessly with existing billing templates and processes. Communicate any changes well in advance to allow for necessary adjustments. Provide clear guidelines and support to retailers to facilitate this integration without causing operational disruption.

Conclusion

In conclusion, while we support the aims of the proposed energy consumer reforms, careful consideration and implementation are crucial to preventing unintended negative impacts, especially on customers experiencing financial hardship. We urge the Commission to incorporate our suggested solutions to enhance the effectiveness and feasibility of these reforms.

We look forward to collaborating with the Commission to ensure the successful adoption of these important changes.

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Yours sincerely,

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