

VCOSS Submission on the Energy Retail Code of Practice Review



About VCOSS

The Victorian Council of Social Service (VCOSS) is the peak body for Victoria's social and community sector, and the state's premier social advocacy body. We work towards a Victoria free from poverty and disadvantage, where every person and community are supported to thrive. We work relentlessly to prioritise wellbeing and inclusive growth to create prosperity for all.

VCOSS's strength comes from its members and the people they serve. Our members include frontline service groups, peak bodies, advocacy organisations and individuals passionate about a fair, sustainable and inclusive Victoria.

About ECCV

Ethnic Communities' Council of Victoria (ECCV) is the peak body for people from migrant and refugee backgrounds in Victoria. ECCV works closely with more than 220-member organisations including ethnic associations, multicultural service providers, and regional ethnic communities' councils. ECCV has been advocating for human rights, freedom, respect, equality and dignity for migrant and refugee communities, and for a socially cohesive and inclusive Victorian community, since 1974.

About Uniting

Uniting Vic.Tas (Uniting) is the community services organisation of the Uniting Church in Victoria and Tasmania. We deliver over 650 programs and services across the full spectrum of community services, intervening early to help people avoid crisis, as well as supporting those who live life at the margins. We provide a range of community services including emergency relief and food programs, alcohol and other drug treatment, mental health support, family services and housing and homelessness support. Uniting has been providing energy assistance in Victoria, NSW, and Queensland for over 20 years.

Primary author: Rory Anderson, VCOSS Policy Advisor

Supervising Director: Melissa Hale, VCOSS Acting Director, Policy & Advocacy

Authorised by: Juanita Pope, VCOSS CEO

We welcome the opportunity to provide this input.

Acknowledgement of Traditional Owners.

VCOSS acknowledges the Traditional Owners of Country and pays respect to Elders and ancestors. Our office is located on the sovereign, unceded lands of the Wurundjeri people of the Kulin nation.

Lived experience statement

VCOSS thanks all those who shared with us their personal stories, experiences, and insights in the development of this work. Every person is shaped by their history and environment. Many people have endured trauma or hardship. For some, this trauma and its effects continue today. When somebody shares their experiences and insights with VCOSS, they enrich both our understanding of the issues and our recommendations for change. Thank you for your courage and generosity.

Executive Summary

As regulator of the energy sector, the Essential Services Commission (ESC) has demonstrated a commitment to significantly improving outcomes for Victorian energy consumers experiencing vulnerability. Measures like the Payment Difficulty Framework (PDF) have raised the standard of assistance that consumers are entitled to and ensured that disconnections are only ever a measure of last resort. Recent processes to align protections in other jurisdictions with the Victorian PDF show that the ESC has been leading the way. But we can still do better.

Household energy is an essential service. You cannot live without it, even if you are unable to pay for continued use and will accrue significant debt. Despite this, several factors including market failure have been allowed to push energy prices sky-high over several years. Often even with tailored assistance under the PDF, customers end up accruing unmanageable amounts of debt.

Compounding this, retailers are often failing to deliver adequate assistance to customers. VCOSS is consistently told that there is deep inconsistency between retailers and amongst retailer customer support staff in terms of the quality of assistance, the knowledge of staff, and the treatment that customers in energy hardship receive.

Structural barriers such as digital exclusion and language are poorly addressed by retailers, exacerbating the impacts of energy hardship. For victim-survivors of family violence, retailers often place barriers in the way of financial recovery and even customer safety, for example, by referring energy debts to debt collection agencies.

In this context, VCOSS welcomes this timely review of the Energy Retail Code of Practice (ERCOP). Our submission has been written with input and support from VCOSS member organisations in the community sector, and from other energy consumer advocates.

Uniting Vic.Tas and Ethnic Communities' Council of Victoria are signatories to this submission.

Summary of recommendations

Strengthening family violence protections

1. Strengthen ERCOP protections for victim-survivors of family violence, including the additional measures that are present under the National Energy Retail Rules.
2. Align the ERCOP with national rules to prohibit retailers from requiring evidence of family violence.
3. Mandate a base level of assistance in cases of family violence, including no disconnections for non-payment, debt waivers as the only realistic method to support financial recovery.
4. Require additional protections on customer details in cases of family violence, as basic security questions usually refer to information a perpetrator might know.

Strengthening the Payment Difficulty Framework

5. Require retailers to follow a mandatory check list when first contacting a customer in payment difficulty, including a best offer check, concessions eligibility check, and support completing a Utility Relief Grant form. These checks and supports should be a prerequisite to commencing a payment plan.
6. Establish a maximum rate of energy arrears as part of the ERCOP rules.

Improving customer support staff training and culture

7. Improve mandatory training requirements for retailer customer support staff.
8. Training for customer support staff should be delivered by the community sector in partnership with the Energy and Water Ombudsman and the ESC.
9. Introduce measures to mitigate the malicious unintended consequences of call centre culture.

Six-month debt holds – only appropriate in specific cases

10. Six-month debt holds should only occur in situations where a pause will not compound financial hardship in the long term, for example in cases of small debts, when a customer can pay ongoing costs, and / or a customer is waiting for an URGs payment.
11. A better approach is the greater use of debt waivers by retailers, especially in cases where customers are unable to pay for their ongoing usage.

Improving assistance and information on energy efficiency

12. Retailers should be prohibited from providing irresponsible energy use reduction advice that endangers the health of customers in payment difficulty and restricted to giving energy efficiency upgrades referrals.

13. Ideally, retailers should partner with community service organisations to provide energy efficiency advice, as the current standard of advice provided in-house is unsatisfactory.

Improving information and accessibility

14. The accessibility of bills, websites, and staff communications with customers require significant improvement, especially when supporting customers from culturally and linguistically diverse backgrounds. The onus should be placed on retailers to ensure customers understand the information being provided, including through proactive language support services.
15. Energy customers experiencing digital exclusion require additional support and alternative avenues of information and communication in the context of increasing digitisation of information and service provision.
16. The ESC should hold off on modelling Victorian energy bills on the Better Bills regulation until the AER has had an opportunity to review their effectiveness.
17. Contact details for EWOV should be mandated to be on bills.
18. Mandate that best offers presented to customers on bills are fully available.

Supporting customers who want to disconnect from gas

19. The Energy and Retail Code of Practice should be updated to better reflect and support increasing numbers of voluntary abolishments of residential gas connections.

Strengthening protections for embedded networks

20. Align information requirements and customer protections for embedded network customers with general energy retail customers, with protections in cases of family violence as a priority.

Additional recommendations for improvements to the ERCOP

21. Retailers should be required to offer proactive support for customers at risk of experiencing hardship based on changes in usage patterns and methods of payment, for example Buy Now Pay Later products.
22. Examine the feasibility of automatic switching to best offer, and automatic applications of concessions as part of the ERCOP review process.
23. In cost-benefit analyses, the benefits of new ERCOP requirements to consumers experiencing vulnerability must take precedence over corporate profits.
24. Consultation for the next phase of the ERCOP review should emphasise diverse voices, reduce barriers to participation, and leave adequate time for responses.

Strengthening family violence protections

Recommendations:

1. Strengthen ERCOP protections for victim-survivors of family violence, including the additional measures that are present under the National Energy Retail Rules.
2. Align the ERCOP with national rules to prohibit retailers from requiring evidence of family violence.
3. Mandate a base level of assistance in cases of family violence, including no disconnections for non-payment and debt waivers as the only realistic method to support financial recovery.
4. Require additional protections on customer details in cases of family violence, as basic security questions usually refer to information a perpetrator might know.

While rules for protecting victim-survivors of family violence under the ERCOP have historically led the way in Australia, there remains room for improvement.

VCOSS understands from member organisations that customer support staff at energy retailers at times fail to identify victim-survivors of family violence, and display ignorance or indifference of the unique challenges that these customers are facing.

The Energy and Water Ombudsman Victoria recently found in their report *Empowering change: Supporting victim-survivors of family violence*,¹ investigating the standard of support offered to victim-survivors, instances of:

- Inappropriate disclosure or potential for inappropriate disclosure of victim-survivors' information.
- Barriers to accessing financial assistance including the Utility Relief Grants (URGs) and other entitlements.
- Providers failing to recognise consumers as victim-survivors and applying related entitlements.
- Providers seeking inappropriate information and evidence from victim-survivors.

Strengthen ERCOP protections for victim-survivors of family violence, including the additional measures that are present under the National Energy Retail Rules

VCOSS supports changes to the ERCOP to strengthen family violence protections, including the additional rules that are present under the National Energy Retail Rules (NERR), as listed in the ESC's Issues Paper.² VCOSS also supports the ESC's intention to consider learnings from the recent review of water industry standards in cases of family violence.³ These measures

¹ Energy and Water Ombudsman Victoria (2024) *Empowering change: Supporting victim-survivors of family violence*, P5.

² Essential Services Commission (2024) *Energy Retail Code of Practice review: Issues Paper*, p21.

³ Essential Services Commission (2024) *Energy Retail Code of Practice review: Issues Paper*, p20.

will bring the rules up to date, and improve customer support quality by aligning requirements with other jurisdictions.

In addition to the changes laid out in the issues paper, we recommend the following improvements to the ERCOP requirements for protecting victim-survivors of family violence.

Align the ERCOP with national rules to prohibit retailers from requiring evidence of family violence

Currently, ERCOP rules state that a retailer must only seek documentary evidence of family violence when considering debt management and recovery. VCOSS strongly recommends that the rules be amended to align with the current national requirements for supporting victim-survivors of family violence under the NERR. That is, "... a retailer must not require an affected customer or a third party acting on behalf of an affected customer to provide any documentary evidence of family violence as a precondition to applying these Rules or the retailer's family violence policy."⁴ This would prohibit requirements for evidence of family violence in *any* circumstances, including considerations of debt management and recovery.

Requiring evidence of family violence creates an administrative burden for victim-survivors, makes them feel they are not believed, creates a risk of re-traumatisation, and may risk safety. Victim-survivors should not have to explain their story more than once, should not be required to provide extra proof, and must be treated with understanding and respect.

Mandate a base level of assistance in cases of family violence, including no disconnections for non-payment and debt waivers as the only realistic method to support financial recovery

VCOSS recommends that the ESC update ERCOP rules for assisting victim-survivors of family violence to prohibit disconnection for non-payment or the outsourcing debt recovery to debt collection agencies. The disruption of an essential service like energy can severely exacerbate the long-term hardship experienced by victim-survivors of Family violence. Similarly, outsourcing debt recovery to debt collection agencies in the context of family violence presents an unacceptable risk to victim-survivors.

Victim-survivors of family violence require respect, empathy, safety, and support to build financial stability, but VCOSS understands that retailers are currently causing additional harm through debt recovery methods. In operating the National Debt Helpline in Victoria, Consumer Action Law Centre found that women experiencing family violence (12% of energy contacts) were more likely to face aggressive debt collection practices and tended to have significantly higher energy debts than those not experiencing family violence.⁵

⁴ Australian Energy Market Commission (2024) *National Energy Retail Rules Version 41*, p68.

⁵ Consumer Action Law Centre (2024) *Energy Assistance Report 4th Edition: Keeping the Lights On – How Victoria's energy policies are impacting Victorian households*, p7.

A significant area of concern is victim-survivors with closed account debt, often discovered after escaping a shared home, or accrued in their name by an ex-partner.⁶ Victim-survivors are then subjected to aggressive debt collection practices, creating significant stress and anxiety, and endangering safety. Bad credit history because of closed account debts can also make creating new accounts difficult, placing limits on access to essential energy.

By banning disconnections and the outsourcing of debt collection in cases of family violence, the ERCOP rules would require retailers to handle victim-survivors' energy debt in-house. Ideally, debt waivers would be the required form of assistance to properly support victim-survivors, and their dependents, in their recovery from family violence.

Require additional protections on customer details in cases of family violence, as basic security questions usually refer to information a perpetrator might know

When retailers handle consumer information of victim-survivors of family violence, safety by design is crucial. Safety by design aims to mitigate potential risks and harms stemming from how the design and implementation of systems and processes. VCOSS understands that currently, requirements on retailers for protecting the private information of victim-survivors of family violence are no different from regular customers. Perpetrators have used essential service providers like energy retailers to access personal information such as the victim-survivor's new address or contact details, and so stored personal information represents a serious risk point.⁷

VCOSS recommends that under the ERCOP, in cases of family violence, retailers should be required to implement stronger security measures to protect customers' information, as checks like basic security questions are often things that a perpetrator might know.

New measures might include additional two-factor authentication and password requirements when in contact with customers. We encourage the ESC to consult with relevant community service organisations in the design of these requirements.

⁶ Consumer Action Law Centre (2024) *Energy Assistance Report 4th Edition: Keeping the Lights On – How Victoria's energy policies are impacting Victorian households*, p34.

⁷ Energy and Water Ombudsman Victoria (2024) *Empowering change: Supporting victim-survivors of family violence*, P5.

Strengthening the Payment Difficulty Framework

Recommendations:

5. Require retailers to follow a mandatory check list when first contacting a customer in payment difficulty, including a best offer check, concessions eligibility check, and support completing a Utility Relief Grant form. These checks and supports should be a prerequisite to commencing a payment plan.
6. Establish a maximum rate of energy arrears as part of the ERCOP rules.

To date, the PDF has worked to lower the rate of disconnections for non-payment, and improved the quality of assistance that customers receive when experiencing energy hardship. VCOSS strongly supports the continued operation and refinement of the PDF.

However, VCOSS continues to hear that retailers are inconsistent in the standard of assistance they provide, that some retailer customer support staff have poor knowledge of what support is available or required by regulations, and that at times retailers engage in behaviour that exacerbates financial and other forms of hardship.

Require retailers to follow a mandatory check list when first contacting a customer in payment difficulty, including a best offer check, concessions eligibility check, and support completing a Utility Relief Grant form. These checks and supports should be a prerequisite to commencing a payment plan

VCOSS understands from members that retailers are not consistently checking that customers who are experiencing payment difficulty are on the most affordable energy offer available, or if they are receiving any concessions for which they are eligible. Retailers should always check these things first when someone is in hardship, while ensuring that they are communicating in a way that the customer can understand. For example, according to ability, literacy, and language.

VCOSS has previously found that a lack of awareness is the number one reason people are missing out on the energy concessions they are entitled to, and that households experiencing language and digital inclusion barriers are more likely to miss out.⁸ Retailers must support customers to receive all assistance they are entitled to.

Despite a clear financial incentive for retailers, retailers are also regularly failing to support customers to apply for the Utility Relief Grant (URG). Consumer Action Law Centre found that in 2023, 22 per cent of energy contacts they received via the National Debt Helpline (of which they are one of the operators in Victoria) included instances of retailers not offering URGs, up

⁸ Lenne, J. (2023) *The Missing 14%: Why so many Victorians are missing out on energy concessions*, VCOSS, p4.

from 17 per cent the previous year.⁹ VCOSS has also heard from members that energy retailer customer support staff have displayed ignorance of the existence of URGs.

VCOSS recommends that the ESC prescribe a checklist that retailer staff are required to follow as a first step in support provided, and as a prerequisite to proceeding to any other forms of tailored assistance. The list should include:

- A best offer check,
- Check of eligible concessions, and
- Assistance completing a URG.

The provision of a checklist should, however, not be a replacement of a flexible, tailored approach to customer support. VCOSS understands that the use of scripting and recordings for compliance purposes already compromises the degree to which customers are properly informed of their rights.

Once the basic level of assistance detailed in the checklist is provided, retailers should be encouraged to find the best solution in cooperation with the customer. Payment difficulty support should always be guided by the principle that people in hardship want to pay but are unable to do so due to structural barriers, competing cost pressures, and other factors outside of their control.

Establish a maximum rate of energy arrears as part of the ERCOP rules

VCOSS has heard from members of debts exceeding \$10,000 that have been accrued by energy customers who have no realistic ability to ever pay back their debts, including victim-survivors of family violence. Of energy contacts to the National Debt Helpline in 2023, Consumer Action Law Centre reports that 17 per cent of debts were over \$3,000, far exceeding the rate of URGs, and that a maximum debt was recorded at \$34,000.¹⁰ Often these debts build up before a person enters tailored assistance.

As such, VCOSS recommends that the ERCOP rules establish a ‘maximum arrears’ cap. With a cap in place, energy companies would be banned from generating new customer debt beyond a set point, ideally around the rate of URGs. This would save people from accruing large debts in the tens of thousands. It would also incentivise retailers to step up and provide more help to customers to access all assistance on offer – for example, proactively contacting customers at risk of accruing large debts.

⁹ Consumer Action Law Centre (2024) *Energy Assistance Report 4th Edition: Keeping the Lights On – How Victoria’s energy policies are impacting Victorian households*, p5.

¹⁰ Consumer Action Law Centre (2024) *Energy Assistance Report 4th Edition: Keeping the Lights On – How Victoria’s energy policies are impacting Victorian households*, p5.

Improving customer support staff training and culture

Recommendations:

7. Improve mandatory training requirements for retailer customer support staff.
8. Training for customer support staff should be delivered by the community sector in partnership with the Energy and Water Ombudsman and the ESC.
9. Introduce measures to mitigate the malicious unintended consequences of call centre culture.

The standard of training and culture of customer support teams at energy retailers is critical to the success or failure of measures in the PDF. Unfortunately, at present, training and culture is often where retailers fall short.

VCOSS has consistently heard from members that it depends entirely who a customer gets on the phone when they call their retailer whether they receive good, empathetic assistance, or are forced into unaffordable payment plans and told to reduce energy use to dangerous levels. VCOSS understands that many call centre support staff have limited understanding of what supports are available to customers. Some have displayed ignorance of the existence of URGs, others have refused to talk to financial counsellors or staff from the Energy Assistance Program working on behalf of customers.

Improve mandatory training requirements for retailer customer support staff

VCOSS strongly agrees with the ESC proposal that, “customer service staff should be appropriately trained to assist customers experiencing vulnerability or hardship issues beyond family violence matters,”¹¹ and we support the measures listed in the Issues Paper¹² including:

- Regular training for retailer staff about the importance of empathy in interactions with customers.
- Targeted approaches to support customers experiencing particular types of barriers.
- Ensuring communication materials are accessible particularly for culturally and linguistically diverse (CALD) customers, customers with low literacy and customers with a disability.

We would add to the last point that customer support staff also require training in the appropriate use of interpreters.

¹¹ Essential Services Commission (2024) *Energy Retail Code of Practice review: Issues Paper*, p23.

¹² Essential Services Commission (2024) *Energy Retail Code of Practice review: Issues Paper*, p25.

Training for customer support staff should be delivered by the community sector in partnership with the Energy and Water Ombudsman and the ESC

It takes a lot of training to be across all the supports and assistance that are available in Victoria. Building up an empathetic approach to hardship assistance is also not a simple task. To achieve an adequate level of knowledge, and to improve approaches to assisting those in energy hardship, training of retailer staff needs to be comprehensive, trauma-informed, build an extensive understanding of vulnerabilities including but not limited to family violence, include referral pathways, and more.

VCOSS recommends that a best-practice approach to delivering this type of training would be for retailers to partner with the community sector, with additional participation of EWOV and the ESC, and by including a lived experience and cultural awareness component.

Introduce measures to mitigate the malicious unintended consequences of call centre culture

It is ultimately in retailers' best interest to support customers' long-term ability to pay, through options like URGs, payment matching and debt waivers, and energy efficiency support. Time should be taken to work with customers to find the most appropriate solution to each customer's unique situation, with empathy and respect.

Yet VCOSS is regularly told that customers receiving tailored assistance are simply placed on an unaffordable payment plan satisfying the very bare minimum of the ERCOP requirements – a two-year repayment period. Customers requesting help, who often have little understanding of the assistance they are entitled to by regulations, would not see any alternative to accepting this. Consumer Action Law Centre reported that ten per cent of all energy contacts they handled through the National Debt Helpline recorded an unaffordable payment plan.¹³ Some people reported that their retailer had pressured them to agree to a payment plan or face disconnection.¹⁴ This approach risks customers in hardship accruing crippling debt, or cutting back on other essentials like food, medicine, or heating and cooling.

VCOSS would suggest that this phenomenon is partly the result of poor training, but also due to the culture of a call centre environment in which staff are pressured to complete a set number of calls in a short time, and customers in hardship are treated as problems to be solved as quickly as possible.

VCOSS recommends that measures are needed to redesign the incentives driving call centre staff behaviour to mitigate the malicious unintended consequences of the call centre environment. Ideally, retailer call centres should be required to have a dedicated, well-trained hardship department that is given the resources to dedicate time and effort to resolving each case. At the very least, a portion of customer support workers should receive a

¹³ Consumer Action Law Centre (2024) *Energy Assistance Report 4th Edition: Keeping the Lights On – How Victoria's energy policies are impacting Victorian households*, p6.

¹⁴ Consumer Action Law Centre (2024) *Energy Assistance Report 4th Edition: Keeping the Lights On – How Victoria's energy policies are impacting Victorian households*, p6.

higher level of training, sit separately to payments and collections teams, and be allowed to work with people in hardship without a time limit on calls.

We also suggest that to better support people facing digital exclusion such as older people that retailer staff be supported with non-digital communications materials.

Six-month debt holds – only appropriate in specific cases

Recommendations:

10. Six-month debt holds should only occur in situations where a pause will not compound financial hardship in the long term, for example in cases of small debts, when a customer can pay ongoing costs, and / or a customer is waiting for an URGs payment.
11. A better approach is the greater use of debt waivers by retailers, especially in cases where customers are unable to pay for their ongoing usage.

Six-month debt holds should only occur in situations where a pause will not compound financial hardship in the long term, for example in cases of small debts, when a customer can pay ongoing costs, and / or a customer is waiting for an URGs payment

VCOSS agrees with the assessment in the ESC's issues paper that six-month debt holds provide good outcomes in *some* cases, but not in others. As such, VCOSS recommends that six-month debt holds are only appropriate in circumstances where they will not create financial shocks or otherwise exacerbate hardship.

Some energy customers experiencing payment difficulty may benefit from a six-month hold, for example if they have a low level of energy debt and can pay their ongoing costs or are waiting for an URGs payment to be applied to their debt.

Others who are experiencing deeper or longer-term hardship are less likely to benefit from debt holds, and for some in these circumstances, a debt moratorium may even be harmful. If people cannot pay their ongoing costs and debt builds up with each subsequent unpaid bill, a debt hold is more likely to cause a significant financial shock when the hold period ends. This is especially so if there has not been meaningful and comprehensive engagement and assistance with the customer in the interim to improve long-term outcomes.

A better approach is the greater use of debt waivers by retailers, especially in cases where customers are unable to pay for their ongoing usage

VCOSS recommends that greater use of waivers for customers who cannot pay their ongoing costs would be a far more effective way of assisting those in payment difficulty. A waiver allows the customer to recover their ability to pay for the ongoing costs of energy without debt hanging over their heads. Together with shifting to the retailer's best offer, the

application of concessions, and sensible energy efficiency assistance, the customers' long-term ability to pay for their usage and recover financially is far more likely. The application of an URGs payment to cover a portion of the debt before a waiver is granted would reduce the cost of waivers on retailers.

Retailers would be much more likely to see positive results in the long term from greater utilisation of debt waivers rather than debt holds, as they would be helping customers into a position where they can pay for their usage in the future.

Improving assistance and information on energy efficiency

Recommendations:

12. Retailers should be prohibited from providing irresponsible energy use reduction advice that endangers the health of customers in payment difficulty and restricted to giving energy efficiency upgrades referrals.
13. Ideally, retailers should partner with community service organisations to provide energy efficiency advice, as the current standard of advice provided in-house is unsatisfactory.

Information VCOSS has received from member organisations indicates that energy retailer customer support staff currently provide very poor-quality assistance and information on energy efficiency, often doing more harm than good. Retailer staff have been known to ask questions that are intrusive and presumptuous, and give advice that is unrealistic, insulting, paternalistic and potentially dangerous to health. This includes asking customers how often they shower, telling them to cut back on heating, or to cook less.

Retailers should be prohibited from providing irresponsible energy use reduction advice that endangers the health of customers in payment difficulty, and restricted to giving energy efficiency upgrades referrals

VCOSS recommends that the ERCOP set rules prohibiting advice may lead to dangerously low levels of usage which can endanger a person's health, or advice that could be considered paternalistic, demeaning, or patronising. People in hardship are often already going to inhumane lengths to reduce their usage, resulting in poor physical and health.

Instead, energy efficiency advice should discuss energy efficiency upgrades. This could include referrals to financial supports under the Solar Homes program and the Victorian Energy Upgrades scheme, or to Home Energy Rating Assessments. Conversations should be open ended, two-way, and focus on the needs of the customer.

Ideally, retailers should partner with community service organisations to provide energy efficiency advice, as the current standard of advice provided in-house is unsatisfactory

VCOSS suggests that a best practice approach for providing energy efficiency advice would be for retailers to refer customers in energy hardship to community service organisations with experience providing good, empathetic advice on energy efficiency and financial wellbeing. VCOSS notes that without sufficient resourcing this would present capacity challenges for the community sector.

Improving information and accessibility

Recommendations:

14. The accessibility of bills, websites, and staff communications with customers require significant improvement, especially when supporting customers from culturally and linguistically diverse backgrounds. The onus should be placed on retailers to ensure customers understands the information being provided, including through proactive language support services.
15. Energy customers experiencing digital exclusion require additional support and alternative avenues of information and communication in the context of increasing digitisation of information and service provision.
16. The ESC should hold off on modelling Victorian energy bills on the Better Bills regulation until the AER has had an opportunity to review their effectiveness.
17. Contact details for EWOV should be mandated to be on bills.
18. Mandate that best offers presented to customers on bills are fully available.

The accessibility of bills, websites, and staff communications with customers require significant improvement, especially when supporting customers from culturally and linguistically diverse backgrounds. The onus should be placed on retailers to ensure customers understands the information being provided, including through proactive language support services

Overall, the level of accessibility both for information on energy bills and for all other contact points with customers remains an area for improvement. Even for the savviest of energy consumers, there are many things about engaging with energy retailers that are challenging. For those for whom English is a second language, the task can be impossible.

Customers from culturally and linguistically diverse (CALD) backgrounds face significant barriers to understanding and engaging with communications from their retailer. Retailers rarely have sufficient in-language language support on their websites, bills, or other communication, and the result is predictable. VCOSS understands from ECCV that people from CALD communities often find bills to be intimidating, with fine print being especially

challenging, and have limited awareness of what help is available and how to access it. With language barriers, many people are not confident enough to negotiate when they have high or contestable bills. A substantial portion of the calls to Anglicare’s Energy Assistance Program are people from CALD backgrounds who need support dealing with their retailer.

Some migrants come from countries where energy is sold by a single entity and are therefore unfamiliar with the concept of a complex energy market in which consumers are required to constantly shop around to avoid unaffordable prices. Many are eligible for concessions but do not access them due to lack of awareness or high administrative barriers to applying.

When surveyed by VCOSS, 59.8 per cent of frontline community service workers said that households experiencing English language barriers were the most likely to be missing out on energy concessions.¹⁵

VCOSS recommends that proactive language support services are needed at all contact points, especially on websites and bills. Customers who speak languages other than English should be able to find simple, easy to understand communication in their own language. For additional support, personalised translation services are essential, and retailers need to take responsibility for providing communication in the person’s language through translated materials, interpreters, and through the employment of bilingual or multilingual workers.

VCOSS recommends that retailers work with CALD communities and community service organisations to find appropriate, place-based solutions for customers who require the highest levels of support.

Energy customers experiencing digital exclusion require additional support and alternative avenues of information and communication in the context of increasing digitisation of information and service provision

VCOSS understands from members that a significant barrier to engaging with the energy market is digital exclusion. We live in a world where information is now primarily shared online, and increasingly, access to digital devices is a prerequisite to accessing services. This has been beneficial to many, but the resultant scaling down of non-digital communication infrastructure has excluded some cohorts: older people, some from CALD communities, and many on low incomes. Some of the most digitally excluded tend to be older people from migrant backgrounds. This is not simply a matter of digital literacy, but also structural problems with access to expensive devices and digital networks.

Digital exclusion has obvious implications for the equity of access to resources like retailer websites, digital bills, and the Victorian Energy Compare website. In regional areas, the infrastructure needed to support in-person payment of bills has been drastically scaled back in recent years. VCOSS has also previously heard from frontline community sector support

¹⁵ Lenne, J. (2023) *The Missing 14%: Why so many Victorians are missing out on energy concessions*, VCOSS, p5.

workers that homes where people are not confident with technology are at high risk of missing out on energy concessions.¹⁶

With this context in mind, VCOSS advises against scaling back non-digital communication requirements on retailers in the absence of an improvement of alternative non-digital communication. For example, the proposed removal of obligations to publish changes of tariffs and charges in newspapers.

VCOSS is also concerned to note that while the Energy Assistance Program has been refunded in the 2024-2025 Victorian State Budget, it has been scaled back and only funded for a two-year period. This program is critical to supporting customers with structural barriers, such as digital exclusion, engaging with their retailer.

The ESC should hold off on modelling Victorian energy bills on the Better Bills regulation until the AER has had an opportunity to review their effectiveness

VCOSS recommends that the ESC does not align the requirements for bill information in the ERCOP with the AER's Better Bills regulations at this time. As the Better Bills regulations are a new set of requirements, it would be prudent to wait for proper monitoring and evaluation of the changes enacted by the AER to see if they have had a positive impact on customers' understanding of their bills before proceeding.

Contact details for EWOV should be mandated to be on bills

VCOSS strongly supports the proposed requirement to include contact details for the EWOV on bills, as an extension of current requirements to include a telephone number for complaints. In VCOSS' view, this addition to bills would undoubtedly provide benefits to consumers by increasing the awareness of independent dispute resolution services that are available to them. Retailers should be required to do so, as they are unlikely to voluntarily, for fear of increases in the number of complaints. Finally, as noted in the Issues Paper, details for energy ombudsman are already required to be included on bills in other jurisdictions, and so this rule change would bring Victoria into line with common practice.¹⁷

Mandate that best offers presented to customers on bills are fully available

VCOSS supports the ESC's proposal to review and strengthen best offer obligations, especially related to the availability of best offers as presented on bills. VCOSS concurs with the ESC's observation that, "instances [have been reported] where best offers are unavailable not long after issuing, particularly after annual price increases. This can result in poor consumer experiences where customers go to Victorian Energy Compare after receiving a best offer notification on their bill, but by the time they contact their retailer the offer is unavailable."¹⁸

¹⁶ Lenne, J. (2023) *The Missing 14%: Why so many Victorians are missing out on energy concessions*, VCOSS, p5.

¹⁷ Essential Services Commission (2024) *Energy Retail Code of Practice review: Issues Paper*, p44.

¹⁸ Essential Services Commission (2024) *Energy Retail Code of Practice review: Issues Paper*, p48.

VCOSS members have shared observations of this occurring as well, and we are concerned that this behaviour jeopardises the effectiveness of best offer obligations.

To guarantee informed decision making in a complex energy market, customer must know where they stand. If retailers' best offers are to be required to be listed on bills, either retailers must honour it, or they should at least be required to include a clear and reasonable date of expiry for the offer.

Supporting customers who want to disconnect from gas

Recommendations:

19. The Energy and Retail Code of Practice should be updated to better reflect and support increasing numbers of voluntary abolishments of residential gas connections.

The Energy and Retail Code of Practice should be updated to better reflect and support increasing numbers of voluntary abolishments of residential gas connections

VCOSS supports changes to the ERCOP to better clarify how residential customers can voluntarily disconnect, or "abolish" their connection to the reticulated gas network. The ERCOP currently only refers to gas disconnections in the context of a customer not paying a bill, not complying with certain requirements, or when a customer requests a disconnection. It does not refer to permanent removal of gas meters and / or the capping or removal of pipelines to a property.

VCOSS is a strong supporter of the Victorian Government's policy agenda on electrification, as laid out in the Gas Substitution Roadmap, which identifies rapid electrification as a key priority.¹⁹ Gas is yesterday's fuel, and electrification is the best alternative for the residential sector. The following proposed changes to the ERCOP would create the necessary regulatory guardrails to facilitate Victoria's journey towards efficient, all-electric homes:

- Improving processes and information for customers who wants to abolish their gas connection,
- Provision of information on disconnection and abolishment in other languages,
- Obligations on retailers with customers not using gas who are still connected and still paying service fees to investigate if the customer wishes to abolish their connection,
- Greater clarity on abolishment charges above the standard charge set by the AER, and
- Clarity of abolishment timeframes.

¹⁹ Department of Energy, Environment and Climate Action (2023) [Gas Substitution Roadmap Update](#), Victorian Government, p5.

Strengthening protections for embedded network customers

Recommendations:

20. Align information requirements and customer protections for embedded network customers with general energy retail customers, with protections in cases of family violence as a priority.

Align customer protections for embedded network customers with general energy retail customers, with protections in cases of family violence as a priority

VCOSS supports the ESC's proposal to better align protections for embedded network customers with those for general energy retail customers, especially in cases of family violence. Customers in embedded networks are not covered by the same consumer protections and entitlements to assistance as other households. This two-tier approach may have once made sense when embedded networks were rare and genuine exceptions to the norm for most households. However, with a large number of Victorians on embedded networks, and improvements in consumer protections for regularly metered customers, those in embedded networks have been left behind, creating the potential for harm.

Additional recommendations for improvements to the ERCOP

Recommendations:

21. Retailers should be required to offer proactive support for customers at risk of experiencing hardship based on changes in usage patterns and methods of payment, for example Buy Now Pay Later products.
22. Consider examining the feasibility of automatic switching to best offer, and automatic applications of concessions as part of the ERCOP review process.
23. In cost-benefit analyses, the benefits of new ERCOP requirements to consumers experiencing vulnerability must take precedence over corporate profits.
24. Consultation for the next phase of the ERCOP review should emphasise diverse voices, reduce barriers to participation, and leave adequate time for responses.

Retailers should be required to offer proactive support for customers at risk of experiencing hardship based on changes in usage patterns and methods of payment, for example Buy Now Pay Later products

While VCOSS strongly supports improved measures to support customers in payment difficulty, ideally, we would like to see hardship prevented before it occurs. Retailers are uniquely placed to see the early warning signs of hardship, having visibility on customers' payment methods, payment history, and energy usage. For example, the use of Centrepay

and Buy Now Pay Later products should be considered as signs of potential financial hardship.

Required processes to proactively identify and contact customers who may require assistance should include recognition of:

- Evidence of financial stress such as Centrepay or Buy Now Pay Later products as payment, historic support like URGs, and concessions.
- Demographic factors such as disability.
- Experiences including family violence, disaster, chronic health conditions.
- Current balance on the energy account.
- Evidence of drastically reduced energy usage.

Customers in these situations, at the very least, should be contacted with best offer and concessions eligibility information. Ideally, customers should be provided with referrals to other government supports and community services as well.

Through proactive provision of assistance, retailers will benefit from reduced rates of customer debt, the Victorian Government will see a reduced expenditure burden from URGs requests and other support, and most importantly customers will be supported to avoid payment difficulty.

To best facilitate proactive identification of customers at risk of energy hardship, retailers should ideally consult with community service organisations, especially financial counsellors, on best-practice approaches.

Examine the feasibility of automatic switching to best offer, and automatic applications of concessions as part of the ERCOP review process

The energy market is increasingly complex to navigate for consumers, and this shows in the number of customers who are not getting the best value from their retailers. The Australian Competition and Consumer Commission (ACCC) found that in Victoria in 2023, 41 per cent of residential customers on flat rate unconditional offers (no conditional discounts) were paying equal to or more than the Victorian Default Offer (VDO), with nine per cent paying over 25 per cent more than the VDO.²⁰ The ACCC also found that 33 per cent of residential customers on flat rate conditional offers (assuming 100 per cent achievement of discounts) were still paying equal to or more than the VDO.²¹ Most of these customers would benefit from assistance switching to their retailers' best and most affordable market offer for their usage rate.

²⁰ See: Supplementary Table C9.6 in [Appendix C - Supplementary Excel spreadsheet with cost stack data and charts](#), from: Australian Competition and Consumer Commission (2023) [Inquiry into the National Electricity Market](#).

²¹ See: Supplementary Table C10.6 in [Appendix C - Supplementary Excel spreadsheet with cost stack data and charts](#), from: Australian Competition and Consumer Commission (2023), [Inquiry into the National Electricity Market](#).

Additionally, while many elements of Victoria's concessions safety net are the envy of other jurisdictions, between seven and 22 per cent of eligible people are missing out on energy concessions, mostly due to structural barriers.²²

VCOSS believes that the energy sector should collectively work towards implementing a system for automatically placing consumers on their retailers' best offer, and automatically applying any concessions they are eligible for to their bill.

The necessary technology and information to facilitate this process exists, it is just not integrated into processes and systems either by retailers or governments. Retailers possess customer information, customer usage, and offer details, and government departments hold information on concessions eligibility. The rollout of the Consumer Data Right²³ promises to facilitate this type of systems integration.

VCOSS understands that there are questions over issues of informed consent and privacy with regards to automatic plan switching and application of concessions. As part of the ERCOP review process, VCOSS recommends that the ESC investigate and establish whether these issues are a barrier to progressing automatic plan switching and applications of concessions, and if they are not, proceed with planning for implementation.

In cost-benefit analyses, the benefits of new ERCOP requirements to consumers experiencing vulnerability must take precedence over corporate profits

Community service organisations are at the front line when it comes to supporting Victorians with cost-of-living pressures. These organisations are experiencing unprecedented demand from households that are struggling to absorb mounting costs, not least among them the costs of electricity.

VCOSS understand that the next phase of the ESC's review of the ERCOP will include cost benefit analyses of proposed changes. We would suggest that cost-benefit analyses tend to have an inherent financial focus, and poor weighting of impacts on people experiencing vulnerability compared to impacts on private companies.

In anticipation of the next phase of the review, VCOSS wishes to strongly emphasise that the ESC has a statutory obligation to have regard for the benefits and costs of its regulatory decisions on low income and vulnerable consumers. In that context, the benefits to consumers, especially those experiencing vulnerability, should always be weighted more heavily than costs to companies in any cost-benefit analysis. Especially when large energy companies in Australia regularly record multi-million-dollar profits. The ESC might also consider models for analysis that capture extra-financial value, such as a social return on investment analysis.²⁴

²² Lenne, J. (2023) *The Missing 14%: Why so many Victorians are missing out on energy concessions*, VCOSS.

²³ See: Australian Government (n.d.) *Consumer Data Right*, accessed 23/07/2024.

²⁴ Cabinet Office of the Third Sector (2009) *A guide to Social Return on Investment*.

Consultation for the next phase of the ERCOP review should emphasise diverse voices, reduce barriers to participation, and leave adequate time for responses

The ESC's long-standing and genuine commitment to consulting with the community sector on its decisions has significantly improved outcomes for Victorians experiencing vulnerability. VCOSS applauds the ESC's approach in this review that, "... rules should be informed by the lived experience of consumers who interact with the energy market regularly."²⁵

VCOSS notes that many consumers and their representatives have limited capacity in terms of time and resources to engage with consultations such as the ERCOP review. Especially if there are structural constraints on participation, like language barriers in the case of CALD communities. Low-income households are particularly unlikely to engage through formal consultation mechanisms and may need additional outreach to meet people and ask direct questions about their experiences on their terms.

For customer representatives, many community service organisations and consumer advocates with high workloads struggle to participate in consultations, especially if the submission period is short, or clashes with other open consultations in the same interest area.

To strengthen engagement with the next step in the ERCOP review process, VCOSS recommends that the ESC builds in a long consultation period, and works with community service organisations, consumer advocates, and community representatives, to facilitate as broad a consultation as possible, with varied and diverse input points and feedback methods. Ideally this will involve measures to address barriers to participation such as differences in language. These measures will guarantee that new ERCOP rules stand on a firm foundation of democratic community engagement.

²⁵ Essential Services Commission (2024) *Energy Retail Code of Practice review: Issues Paper*, p11.

