

Our energy priorities for the 2019-20 financial year

23 July 2019

Electricity and gas

Speech by energy director Sarah McDowell, delivered on 23 July 2019 at our Energy Forum 2019.

The commission is acting to promote conditions which support consumer trust and confidence in our energy market.

We will seek to do this in 2019-20 by:

- developing energy rules that promote fairer outcomes for consumers, while supporting innovative business models
- telling customers whether their market is delivering for them
- enforcing the energy rules, to promote customer protection and deter future non-compliance.

Energy rules

The review and development of our energy rules has been a significant focus of the commission for the past two years, particularly since the government asked us to implement the recommendations from the retail market review.

This financial year, we will continue to implement these recommendations – with a particular focus on fairer customer contracts. However, we will extend our work program to include other reforms including changes to our electricity distribution code.

The review of electricity distribution code will be the commission's biggest reform program in 2019-20.

With the roll out of solar, and the advent of micro-grids and aggregation models, our energy system is rapidly changing and offering customers greater choices in how they purchase and are supplied energy.

We think this is a good thing.

However to enable the benefits to be realised, and in a sustainable way, we need to ensure our regulatory framework supports the operation of these technologies and business models in a manner that supports grid stability and customer safety. It should also not create needless barriers to the connection of these new energy technologies and services as well.

That is why we are opening up the code this financial year. We want our framework to support this transition in a timely way. Without changing it, the code may create barriers to customers seeking to embrace the benefits of new energy technologies – which may further promote distrust in our market.

Telling customers whether the market is delivering for them

We will also act to promote greater transparency in our market, so customers can understand whether the market is delivering for them.

A key element of this work will be developing and applying a framework to assess the competitiveness and efficiency of our market this financial year. This framework forms one of the recommendations from the retail market review that was referred to us by the government.

Through this work stream we will seek to develop a customer-focused assessment framework on the performance of our market, rather than confining our assessment to the traditional metrics of competition – such as the number of participants and switching rates. After all, based on those metrics, we would have the most competitive market in the country – yet seventy per cent of Victorian customers do not believe the market is working in their interest.

Feeding into this piece of work will be to seek a greater understanding of consumer experience. This will include gathering information from industry regarding their customers, and speaking to customers

directly about their energy market experience.

Enforcing the energy rules, to promote customer protection and deter future non-compliance

An ongoing and important focus for the commission in 2019-20, is to actively enforce our energy rules to promote customer protection and deter future non-compliance.

In particular, we aim to promote compliance with our priority areas, which include the following:

- our payment difficulty framework
- family violence protections
- best offer on bills
- smart meters
- customer protections for embedded networks
- offers on Victorian energy compare; and
- the availability and accessibility of the Victorian default offer.

We identified these regulatory areas as a priority for us based on a range of factors including the extent to which the obligations

- are new
- protect vulnerable customers
- promote competition and transparency in the market
- prohibit harmful conduct.

We have already commenced reviewing the performance of energy companies against the priority areas, particularly relating to the Victorian default offer and Victorian energy compare.

For example, in July we reviewed the Victorian Energy Compare website and found:

- 5 retailers have some Victorian Default Offer rates above or below the regulated rates
- 2 retailers accounted for GST incorrectly for all their Victorian Default Offer rates
- 2 retailers had not published a Victorian Default Offer offer on Victorian Energy Compare

In response, we contacted the retailers in question and requested them to address the potential breach immediately.

We will continue to monitor this closely, and if further non-compliance occurs, we will consider our enforcement options.

We are also noticing that energy companies are calling the Victorian default offer different names. These include 'No frills' or 'Basic' offer. This practice is not necessarily non-compliant with the rules. However, what we are reflecting on is what this means for the consumer experience. For example, how does a customer search for a Victorian default offer on their retailer's website, if they describe it as a basic product? Does this practice promote customer confusion?

These are questions we haven't formed answers to yet – however we will explore the matter further as part of our reform work program in 2019-20.

While our priority areas will shape our focus this financial year, it will not constrain us in pursuing breaches of other energy rules. This includes our continuing priorities, which are areas that we consider important for promoting trust in our market. This includes requiring customer transfers to occur with consent and customer disconnections to be an act of last resort.

In pursuing compliance with our current and continuing priorities, we will take a multi-faceted approach including:

- education of industry and customers
- auditing of energy companies
- exercising our enforcement powers including issuing penalties, serving enforcement orders and varying or revoking licences.

In conclusion, our 2019-20 priorities are focused on restoring trust in our market. I encourage you to embrace the opportunities that this objective presents us all, in order to enable us to shift the conversation on the Victorian energy market from one of frustration and confusion – to confidence and clarity.

Thank you.

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23 July 2019

[July 2019 energy forum presentation](#)

Download a slide deck from our July 2019 energy forum that provides a high level overview of our 2019-20 compliance and enforcement priorities and reform work program.

(pdf, 250.61 KB)

[Energy compliance and enforcement priorities 2019-20](#)

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