

Energy industry roundtable

22 April 2020

Electricity and gas

Wednesday 22 April, 3:00-4:30pm (via Zoom)

Essential Services Commission chair Kate Symons hosted an urgent roundtable with more than 60 energy industry representatives as well as the industry's peak bodies and government today to hear directly about how coronavirus is affecting the sector.

Representatives from the electricity and gas industry attended the forum to speak to commissioners about the impact of the virus.

Many of the retailers confirmed a big increase in households and businesses seeking help with energy bills with one of the major energy businesses saying call centre volumes have increased 60 to 90 per cent in recent weeks.

A second national retailer said they are signing 1,000 customers every day to a special coronavirus payment plan.

The group asked the commission to be mindful of the impact of increasing customer debt on their bottom line, and the need to ensure the burden is shared equally across the sector. The group also asked the commission to consider the regulatory burden at this time.

Some distributors advised that they are still receiving requests from retailers to disconnect customers for non-payment of bills but are currently not processing the requests.

Commissioners also heard a united message from the sector that it is committed to supporting households and businesses at this difficult time.

Transcript

Good afternoon everyone and welcome to today's energy industry roundtable.

Acknowledgement of country

To start, I'd like to acknowledge the Traditional Owners on all of the lands we're meeting on today and pay my respects to Elders past, present and emerging.

I would like to acknowledge the connection that Indigenous Australians hold to country and culture, particularly at this time of great uncertainty.

Welcome and introductions

To start I would like to welcome you all to today's roundtable.

Today is an opportunity for you to share your insight and experiences of what is happening in these extraordinary and worrying times so we can understand what is happening for you and your customers.

We have a number of people who have made time at short notice to be here today including representatives from energy businesses from across Victoria as well as peak bodies.

We have representatives from energy retailers AGL, Alinta, EnergyAustralia, Lumo Energy/Red Energy, Origin Energy, Simply Energy, M2 (Dodo power and gas/commander), Momentum, Tango Energy, Powershop, 1st Energy, CovAU, Diamond Energy, Elysian Energy, ERM Power, GloBird Energy, Powerclub and WIN Connect. Distributors Jemena, Citipower, Powercor, United Energy, AusNet Electricity and Gas Services, Australian Gas Networks and Multinet Gas. Industry peak bodies including the Australian Energy Council and Energy Networks Australia.

We also have observers from the Energy and Water Ombudsman Victoria joining us as well as the Australian Energy Regulator and representatives from a number of Victorian Government departments.

Can I say at the outset that the commission has convened energy businesses for today's roundtable to discuss the ways in which we can work together to achieve the best outcomes for customers and businesses in the current pandemic.

I'd like to be clear that in convening today's roundtable, in no way does the commission endorse or encourage any conduct between businesses that would raise any concerns under the competition provisions of the Competition and Consumer Act.

Today's agenda

Our aim today is to have a genuine conversation with you about what is happening out there. We want this to be the beginning of an ongoing conversation, not the end. We want to continue this dialogue over coming months to ensure our work is well informed and grounded in the real world.

Our first session will focus on what is happening right now in terms of the impact on your business due to the coronavirus pandemic. We want to hear your reflections on the immediate concerns you have.

The second session will be a broader conversation about what issues might arise over the medium to longer term. I have a few questions to pose to the group, but there will be opportunity to raise questions if everyone keeps to time.

We will have a few words from Sarah McDowell on our revised compliance audit work and the joint data request with the Australian Energy Regulator.

On that note, can I thank you in advance for your co-operation in providing timely information about hardship, payment plans, disconnections and credit collection so we can monitor how customers are being supported at this time.

The Essential Services Commission recognises that the coronavirus crisis is creating significant challenges for the energy industry.

We know the current crisis is likely to exacerbate existing vulnerabilities among your customers as well as create new ones, and this will be felt in the short and long term.

We are committed to ensuring the voices of industry, inform our decision making. At this critical time, we want to hear from you about how this crisis is, or is likely to, affect your business.

We want to know what the current and urgent priorities are from your perspective.

As the health crisis subsides (as thankfully we are hearing it is), the economic impact will become more apparent.

Today, the government has released information about how the economic impact is already playing out across the state, and over time it will be even more important for us to hear about what is happening at the frontline for industry.

To ensure we are well informed, we are also talking to the community sector and we are active in other forums.

Can I take this opportunity to acknowledge and thank you, and the businesses you represent, for your efforts to date.

I know, that like us, all businesses are working in new ways to look after their own staff, address customer needs, and liaise with government and other bodies.

I have been heartened to hear energy businesses making promises to put their customers at the forefront of their thinking, who are showing they as committed as we are to supporting the community in these difficult times.

What is the commission doing?

Over the past few weeks, myself and my fellow commissioners have been asking ourselves one key question: "What is the role of the regulator at a time like this?"

As providers of essential services, the businesses we regulate are critical for ensuring the Victorian community can continue to function during and after this pandemic. As a regulator, we will continue to

communicate and work with you for the benefit of the wider community.

What we heard from the community roundtable:

Two weeks ago, we held a roundtable with community groups and small business representatives, and I'd like to mention some main themes we heard.

Calm before the storm

Representatives from the community sector warned we're in a 'calm before the storm' in terms of energy bill stress. They are predicting calls for help will skyrocket over the next few months.

Customer contact

Some told us that the sheer number of calls is making it hard for some customers to make contact.

Utility Relief Grant applications

We have been told customers are experiencing significant delays in having applications for concessions processed, including for the Utility Relief Grant Scheme.

Disconnections

And we understand some disconnections for non-payment of bills are still being requested and processed.

In the Victorian context, we have been having discussions with retailers, businesses, policy makers, and the energy and water ombudsman on the issue of disconnections.

We understand some disconnections are still being requested - and processed.

In fact, the numbers show over there were over 1,000 requests to disconnect Victorians for not paying their electricity bills since late March.

Our approach to date has been to remind Victorians of the customer protections they are entitled to under the payment difficulties framework, namely:

- No disconnection for customers who are receiving bill assistance or participating in payment plans.
- No debt collection for households who receive bill assistance.

Some energy businesses are going beyond their mandated obligations - offering to waive debt, or fees and charges to assist struggling customers.

This has been very pleasing to see, and I encourage businesses to continue to think about what they can do beyond the minimum requirements.

We are however very conscious these protections are based on engagement by the customer, and when it was developed, the framework did not envisage a pandemic where many thousands of Victorians would be working and schooling from home.

We know household energy consumption has already gone up (and we are about to enter winter), household incomes have been hit hard, and due to illness or other reasons many customers may not be able to engage in a discussion about their energy bills right now.

At this point, we will continue to monitor disconnections through our data collection process.

In closing

Can I take the opportunity to thank everyone for making the time, and for your valued contribution and insights into the effect of the pandemic on Victoria's energy businesses. This has been a valuable exercise to more fully understand the experiences of the industry at this time.

I'll leave you now and hope to keep the dialogue and engagement on going with you all so that we can best tackle these challenges collectively.

Stay well and take care.

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