

Energy industry representatives share insights at second roundtable

18 June 2020

Electricity and gas

Around 50 representatives from energy businesses, peak bodies and government came together today for a second industry roundtable, hosted by the Essential Services Commission and its chairperson Kate Symons, to understand the impact of coronavirus on the sector and on Victorian customers.

The roundtable heard there was concern that various support programs like JobKeeper and JobSeeker are likely masking a bigger problem that will emerge later in the year.

Retailers reported that small businesses are accumulating energy debt due to a range of payment deferral and other assistance measures and may accumulate significant arrears by the end of the year.

The sector mirrored concerns raised by consumer groups that the real economic impact of the pandemic has yet to be felt, but there was some optimism that early predictions had been overly pessimistic.

The group called for any new regulatory changes being considered to retain a level of flexibility, warning that a 'one size fits all approach' would not benefit customers.

Transcript

Acknowledgement of country

To start, I'd like to acknowledge the Traditional Owners on all of the lands we're each 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.

Welcome and introductions

To start I would like to welcome you all to today's meeting. Today is an opportunity for you to share what is happening for you and your customers at this difficult time.

We have convened this – our second energy industry roundtable – so we can hear directly from you so that any decisions we make over the next few months are well informed by what is happening out there, in the real world.

We also have information to share with you – information about the experience of Victorians gleaned from the energy data you have been supplying since the end of March.

Today's agenda

Our aim today is to continue having a genuine conversation with you about what is happening - for you and your customers at this difficult time.

In our first session, Aaron Yuen will present some high level information about the current consumer experience in Victoria as revealed in the data you have been providing to us over the past two months.

Then we want to hear from you about the current challenges you are facing as well as those you expect to face in the coming months.

We have again asked each retailer group to nominate a speaker or two to ensure we have time for two-way dialogue so we ask each group to keep to the main headlines.

Then I have a few questions to pose to the group to unpack what opportunities might exist to better support some customer groups at this time.

Our director of energy, Sarah McDowell, who you all know well, will be giving us a quick update on the revised audit program and then we will have a wrap up.

I would like to encourage you to be forthcoming with your ideas and feedback – we are all here to listen.

Introductory remarks

Can I start by saying thank you for again giving up your time to be with us.

More than 40 representatives from energy businesses of all sizes from across Victoria, as well as peak bodies, have given up their time to support this process so thank you - from myself as the chair of the industry regulator and from everyone in the room.

Last time we met as a group the impact of the coronavirus pandemic was just starting to be felt.

In Victoria, we had been in lock down for less than four weeks and the main concern in the community at that time was the need to flatten the curve to prevent a major health crisis.

But while the health crisis dominated the news, concerns were rising about the financial impact of the pandemic.

At our first roundtable, you confirmed there had been a big increase in the number of households and small businesses seeking advice about help with their energy bills. You confirmed that call centre volumes had increased by 60 to 90 per cent in the preceding weeks.

One national retailer told us they were signing 1,000 customers every day to a special coronavirus payment plan.

You asked us to be mindful of the impact of increasing customer debt on your bottom line. And you told us consideration should be given to how the inevitable debt burden from this crisis is shared across the sector.

You also asked us to consider the impact of any additional regulatory burden.

Some distributors advised they were still receiving requests to disconnect customers for non-payment of bills but were not processing these requests.

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

So here we are, two months down the track and, as a state, as a nation, we flattened the curve.

Sadly, 102 Australians including 19 Victorians have died and we are not out of the woods yet. Over the past week the number of positive cases has increased slightly and the health experts are warning us we need to stay vigilant.

But restrictions on our movement are easing and life, as much as it can until there is an effective vaccine, is returning to a new normal.

Meanwhile, our economy has taken a major blow. As an economic regulator, we are acutely aware that the longer this emergency continues, the greater and deeper the impact will be.

As a regulator, our job is to make decisions, grant licences, to monitor and report, sometimes take enforcement action.

Our primary legislative objective is quite simple— at the core of our role is to ‘perform our functions and exercise our powers ... to promote the long-term interests of Victorian consumers.

At its core, our role is to put consumers at the heart of our decision making, which brings me to our first session.

Work to date

Two months ago, we joined forces with the Australian Energy Regulator (represented here today by Sarah Proudfoot) to seek data from energy retailers.

We are doing this so we can understand – at a granular level – how this global health crisis is affecting customers, particularly vulnerable customers

Providing us with timely information about hardship and payment plans, disconnections and credit collection are important indicators of how the pandemic is affecting households and small businesses.

They are a proverbial ‘canary in the coal mine’ – an early warning sign of distress – telling us where help is needed and where, as a regulator, we need to act to protect customers.

Supporting customers – what more can be done?

As everyone in this room knows, while the immediate health crisis appears to be under control, the economic impact of the pandemic will be felt for some time to come.

And as the state thinks about economic recovery, the commission is considering how to support customers in practical and balanced ways.

In the coming weeks, we will be consulting with you on targeted support measures focused on helping customers pay their energy bills.

We want all energy customers to pay their bills. But we recognise that some customers, including small business customers, need flexibility in how they pay their bills.

Any measures we put forward will be underpinned by the national principles related to utilities and informed by Victorian Government statements.

Our payment difficulty framework will continue to be the main area of support for residential

customers.

We feel there are some simple practical improvements that could be provided to support customers.

Some retailers are already doing this voluntarily, particular for some small businesses, but others are currently without support – as we head even closer to what we believe could be a critical period when a number of rebates and support measures are scheduled to end – which as I've mentioned earlier some have flagged as a potential 'economic cliff' occurring in less than 100 days.

We are also aware of the current rule change with the Australian Energy Market Commission on network tariff deferrals, and this will not be applicable in Victoria.

We will closely monitor this process, as well as engage with you to explore whether similar arrangements should be put in place in Victoria.

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

I know - 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.

Consumer data presentation

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Our senior regulatory manager analysis and reform Aaron Yuen is here to take you at a high level through [what the data is telling us](#).

If I could make a couple of observations before we move on.

I would like to reiterate Aaron’s thank you to the sector as a whole for providing timely data to help us understand the experience of customers and also, what the industry is doing to help.

I know all energy businesses are incredibly busy – the commission (and I am sure my fellow commissioners here today endorse me saying this) appreciates the effort and time it takes to respond to us, and please be assured that we have carefully considered and only asked for what we really need to have visibility of what is happening on the ground.

Secondly, the drop in disconnection requests is a pleasing and welcome sign that the industry has taken to heart the need to support customers at this time.

I’m certainly proud of the way in which energy retailers and distributors have responded so positively in the interests of consumers.

An area of concern for us however is the increase in the number of customers calling about assistance. Is this likely to continue and when will it peak?

And if these numbers are the proverbial canary, what happens in three months when we reach what some have called a potential [economic 'cliff' at the end of September](#) - when the federal government subsidies like JobKeeper, the increase in welfare payments and subsidies for apprentices are wound up?

These are the questions that are keeping us – and I'm sure – some of you, awake at night.

Roundtable

Participants were invited to provide their reflections on what is happening for their businesses and their customers as well as their thoughts on what is likely to happen over the next few months.

Thank you everyone for your candid comments. As I said at the beginning of today's meeting, we have convened this – our second energy industry roundtable – to ensure we hear directly from you so that any decisions we make over the next few months continue to be well informed by what is happening out there, in the real world.

Thank you

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Thanks again.

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