



Energy Reform  
Essential Services Commission  
Level 8, 570 Bourke Street  
Melbourne Victoria 3000

Submitted online – Engage Victoria

### **Energy Retail Code of Practice – Review**

Alinta Energy welcomes the opportunity to provide comment on the Essential Services Commission's Issues Paper on its review of the Energy Retail Code of Practice Review.

As an active investor in energy markets across Australia with an owned and contracted generation portfolio of nearly 3,000MW and more than 1.1 million electricity and gas customers Alinta Energy has a strong interest in the regulatory and compliance framework which governs the competitive retail energy market in Victoria.

We recognise and support the need for a review of the Code of Practice, particularly given dynamic transitioning of the energy market. Customers are, more than ever, at the centre of the energy transition, as new and innovative energy products and services are developed and offered.

To support this development a governance framework that is clear and transparent is required to both ensure minimum standards of customer protection are maintained and support the growth of products and services that can utilise emerging opportunities.

However, reform should not be undertaken simply for its own sake. We are concerned that many of the proposed amendments lack a sufficient justification, as they neither clearly identify significant issues with the current Code requirements nor demonstrate the necessity of the proposed changes. Where amendments to the Code are to be made, they must be based on robust cost benefit analysis demonstrating net benefits to customers and market outcomes.

Our detailed comments to the questions posed in the paper are provided below. Should you have any questions or wish to discuss any aspect of our submission please contact Shaun Ruddy, Manager National Retail Regulation on [REDACTED], or via email : [REDACTED]

Yours Sincerely



**Graeme Hamilton**  
General Manager  
Regulatory & Government Affairs

## **Energy Retail Code of Practice – Review**

The review of the Code of Practice provides the opportunity to further consider issues of harmonisation of regulatory and compliance governance frameworks.

Harmonisation is key to driving efficiency, promoting innovation, reducing administrative burden and cost to serve, all of which results in the potential for consumer benefit. A key risk with harmonisation is the potential for instability - stability in a harmonised framework is required to ensure benefits can be achieved.

The energy transition, supported through technological advancement, will see innovation in products and services, including in the delivery of and how consumers use (and generate) energy. This development may necessitate ongoing refinement of market governance frameworks.

A key aim from the review should be that the structure and content of the Code is “future proofed” to the maximum extent possible, so as to support changes to the market as the energy transition progresses.

We are concerned, however, with the ESC taking an approach that “cherry-picks” elements in isolation of having sufficient evidence of a significant market or customer failure driving the need for reform. As part of any cost-benefit analysis more detailed evidentiary information must be provided on each of the proposed Code reform measures, to ensure they are indeed required. Such information will also assist with the prioritisation of any reform measures.

## **Stakeholder Questions**

### **Protections for consumers experiencing vulnerability.**

#### **Strengthening family violence protections**

- 1. Are there any specific rules in the National Energy Retail Rules (NERR) that we should consider including in the code of practice that would strengthen protections for Victorian customers?*
- 2. Are there any family violence protections in the water sector we should replicate in the code of practice?*
- 3. Are there any other protections we should consider including in the code of practice to further support consumers affected by family violence?*

Customers experiencing vulnerability, particularly those in domestic violence situations, require additional support and assistance. Retailers are deeply empathetic towards the challenges these customers face, and have invested substantial resources, (including dedicated personnel, policies, and systems) to provide comprehensive support for individuals dealing with family violence.

Navigating the issue of family violence can be highly challenging, given the unique and often complex circumstances and scenarios faced by each individual customer.

It is unclear what, if any, issue the Commission is attempting to address given the robust support measures which operate in Victoria. Seeking to include elements from the National Energy Retail Rules would not necessarily provide any additional benefit.

It is worth highlighting that a key requirement in providing assistance to vulnerable customers is the ability to engage with them. Which again can be particularly difficult for customers experiencing family violence. This is why retailers need clear guidance on expectations where there is a continued lack of engagement, hampering the ability for the retailer to provide assistance, and in turn leading to higher debt accumulation.

If it is expected that protections must continue regardless of customer engagement levels, then a collaborative approach between retailers and relevant government services is required to develop more cohesive support programs. Supporting these vulnerable customers is a shared responsibility within the community.

### **Payment Difficulty Framework**

*4. In your view, what aspects of the code of practice (if any) related to the Payment Difficulty Framework should be revised to better support consumers experiencing vulnerability or hardship?*

*5. Do you have any suggestions about how to improve the current Payment Difficulty Framework training obligations established in the code of practice?*

*6. Do you consider that retailers should be required to train their staff to assist customers experiencing different vulnerability or hardship issues (beyond the current obligation to train staff on family violence matters)? If so, what are the costs and benefits of imposing these additional training requirements?*

The framework is adequately clear on how and when to offer payment assistance, including what other assistance may be required and is available to customers who engage.

However, the guidance, assumes the retailer is both able to engage with the customer and that the customer has the ability and the commitment to meet their arrears and ongoing cost of energy.

As a result, there needs to be improved guidance on the expectations of retailers when a customer either fails to engage and/or does not have the financial means to meet their obligations.

There are customers that, regardless of the level of support offered, will not have the ability to manage their energy consumption or financial means to meet the cost of their energy usage. It is for these customers that greater guidance is required.

When retailers are able to engage with customers, over-regulation and prescription makes the task of communicating information on the assistance available complex. The level of information required to be communicated by retailers to meet compliance

obligations can overwhelm customers, to the point where there is a risk of disengagement.

Insights from our human-centered design research show that customers facing hardship often prefer to resolve their situations independently. When they do seek help, they want options that allow them to maintain control over their outcomes. Prescribed payment difficulty protections often do not align with customer preferences regarding the type and structure of assistance they seek. Many customers lack the time and capacity to engage with retailers about the details of these protections.

A framework that sets a prescribed level of assistance for retailers can unintentionally impede consumer engagement and hinder the desired customer outcomes. While such a framework ensures a minimum standard of assistance for all customers, regardless of the retailer, it can limit the ability to provide personalised support.

To promote higher levels of engagement and better customer outcomes, retailers need the flexibility to confidently offer tailored solutions that meet individual circumstances.

### **Obligation to place debt on hold for six months.**

*7. Are you aware of any customers who have had their debt placed on hold? If so, has the hold helped them reduce their debt in the long term?*

*8. How might this obligation be amended to better support customers experiencing significant payment difficulties?*

Placing a customer's debt on hold, for any period, does not resolve the underlying issue of a customer's outstanding debt. The "Hold" concept does not address the debt accumulated (or continuing to be accumulated) by the customer. This is particularly the case when, despite all available support, the customer continues to lack the ability to meet the financial liability of their ongoing energy usage.

Instead of the simplistic approach of placing a customer's debt on hold, customers may achieve better outcomes through support measures, including assessments of capacity to pay, that lead to the creation of sustainable payment plans, addressing both debt arrears and ongoing energy costs. Such plans can also be linked to opportunities to reduce usage, including energy efficiency solutions.

The prospect of placing arrears debt on hold can be confusing for customers to comprehend, and a challenging concept for front line staff to explain to customers. Noting that debt placed on hold is not necessarily waived and must otherwise be addressed at some future point.

Again, as with other support mechanisms available to customers, placing a customer's debt on hold requires a level of customer engagement, which is not always present. Further, there is a lack of clear guidance on expectations after the expiry of any hold period where the customer remains in debt.

As the hold period can have unintended and detrimental customer consequences, we recommend its removal as a mandatory requirement. Allowing the application of any debt hold to be discretionary would enable retailers to use it as a tool when the appropriate circumstances arise.

### **Accessibility of Utility Relief Grants (URGS) information**

*9. In your experience, are the URGS and energy concessions obligations set in the code of practice being implemented as intended? Are there any obligations that might require additional guidance?*

*10. Are there any potential adjustments to the URGS and energy concessions obligations that we should consider including in the code of practice?*

The process of accessing Utility Relief Grants and other customer support mechanisms should not be prohibitive in nature. Ease of access to support mechanisms at a time when a customer is experiencing energy vulnerability not only provides financial support, but also aids in the promotion of customer engagement. Customer engagement is key to providing ongoing assistance.

Simplification of the Utility Relief Grant application process will assist in promoting a greater awareness of the availability of grants and will reduce complexity for the customer making the application. The current complexity in the application process, requiring extensive paperwork and eligibility documentation, can lead to customer disengagement.

Whilst changes to the Utility Relief Grant scheme may be outside the remit of the Commission, it is important to recognise how the complexities of the scheme can impact a retailer's ability to meet best practice obligations under the Code. We suggest that changes to the scheme be recommended to the Victorian Government to allow for the Utility Relief Grant payment to be applied to final bills.

### **Assistance and information on energy efficiency**

*11. Should the code of practice introduce more prescriptive obligations about how energy efficiency advice should be delivered? What are the costs and benefits of these changes?*

*12. Are there other non-prescriptive alternatives to encourage better practice across retailers to connect customers with existing energy efficiency government programs (such as the Victorian Energy Upgrades program)?*

The method of communication used to deliver energy efficiency advice significantly influences customers' understanding and acceptance of the advice. Advice provided over a phone call may have a limited effect on changing behaviour. To effectively influence energy usage, it is essential to invest time in thoroughly assessing each customer's unique circumstances and energy usage profile. This comprehensive assessment should include a detailed evaluation of their current situation and their potential ability to invest in necessary changes for energy usage improvements and reduced consumption.

Retailers must be provided with flexibility in how they engage, and communicate information, with customers seeking energy efficiency advice. Providing flexibility will allow retailers to invest in solutions that better meet customer needs.

In addition to the advice provided by retailers, there is a valuable role for an independent government service to offer energy efficiency advice. An independent service that customers can access at their convenience, providing them with a level of agency and control over their circumstances, may improve the likelihood of customers not only seeking advice but also acting upon it.

## **Supporting the choices of energy consumers**

### **Supporting customers who want to disconnect from gas**

*13. Do you see a need for improving processes and information for a customer who wants to disconnect from or abolish their gas connections?*

*14. Do you have any views on our proposed provision-of-information requirements related to disconnections and abolishment's?*

*15. Do you have any views on whether there is a need for new rules on timeframes and notification requirements for abolishing gas connections?*

*16. To strengthen protections for a customer wanting to disconnect from gas, are there any other obligations on a retailer we should consider introducing in the code of practice?*

We do not believe an adequate case has been made for the need to amend the current requirement of the Code with respect to customers wanting to disconnect from gas.

However, we note that there is inconsistency in the provision of disconnection and supply abolishment services across gas networks. Improvements could be made to drive consistency in how these services are provided.

The other barrier is cost: customers are concerned with the costs associated with gas abolishment, noting that a (full) abolishment is required to ensure the complete removal of supply and the subsequent avoidance of any future costs. Given the degasification is a Victorian Government policy objective, Government subsidies should be provided to promote the move to full electrification.

Retailers rely on communication from distribution businesses to confirm work has been carried out to remove the supply of gas from a site. Requirements should be placed on gas distributors covering the notification requirements and timeframes for confirming the completion of activities on site.

## Bill information requirements

*17. Do you see a need for full alignment of energy bills with the Australian Energy Regulator's Better Bills Guideline? If so, what do you think would be the key benefits?*

*18. Do you think the inclusion of details for the Energy and Water Ombudsman Victoria (EWOV) would be of benefit to billing information?*

*19. Do you support the need for prescribed requirements related to bill communications? Are there any practical implementation issues we should consider?*

The Australian Energy Regulator's Better Bills Guideline has only been in place for a short period of time. With a post implementation review yet to be undertaken, there is no substantive evidence that the Guideline has resulted in any greater levels of clarity or benefit for customers.

Implementation of the Guideline came at significant cost to retailers, and until such time as a post implementation review has been complete there will remain a lack of evidence supporting any customer benefit resulting from its introduction. In the absence of such a review, the Commission should not be considering the adoption of any elements from the Better Bills Guideline.

We do support the need for prescribed requirements related to bill communications. Clear and standardised bill communications are essential for ensuring that customers understand their energy usage, charges, and available assistance options. However, these can be simplified from those currently included in the Better Bills Guideline.

While the benefits of prescribed requirements may be significant, there are several practical implementation issues that need to be considered:

1. Cost and Time Commitment:
  - Implementing new standards for bill communications involves substantial costs for retailers. This includes redesigning bills, updating billing systems, and training staff.
  - The time required to implement these changes can be considerable. Retailers need time to develop, test, and roll out new bill formats.
2. Impact on Bill Length and Complexity:
  - Lengthening the bill to include all prescribed information can lead to higher printing and mailing costs, which are ultimately passed on to customers.
  - Longer bills can be intimidating and more complex for customers, making it harder to find and understand key information. This could counteract the intended benefits of improved transparency and understanding.

However, the following strategies could be considered in an attempt to mitigate any impacts:

1. Ensure that prescribed requirements focus on presenting information in a clear and concise manner. Use visual aids, such as charts and graphs, to make complex information easier to understand.

2. Involve customers and retailer customer service agents in the design process to ensure that the new bill formats meet their needs and preferences. This can help in creating bills that are both informative and user-friendly.
3. Phase in the new requirements gradually to allow retailers to spread out the costs and manage the transition more effectively.
4. Provide additional support and educational resources to help customers understand the new bill formats and the information presented.

Bill information and communication is a detailed and complex issue. If the Commission is to consider potential changes to bills and their presentation, separate detailed consultation is required.

We do not support the inclusion of the Ombudsman details on all bills as it may have unintended consequences. While potentially promoting the Ombudsman scheme, it can result in customers circumventing the normal dispute resolution process of engaging directly with their retailer in the first instance. When this occurs, it only results in delays to the potential resolution of a customer's issue.

The existence of, and access to, the Ombudsman scheme is communicated and promoted through other methods, which we believe is sufficient. There has been no substantiated case made or evidence provided for the need for this proposed amendment to the Code.

### **Clarifying best offer obligations**

*20. Do you support our proposal for addressing accessibility and availability of best offers? Why or why not?*

*21. In your opinion, is there a clear benefit in reviewing how deemed best offers are calculated?*

*22. Are you aware of any other issues with best offer obligations that this review could consider?*

Retailer reporting has shown that "Best Offer" on bills has had a limited impact on customers engagement, and that of customers seeking alternative plans/offers as a result of receiving this information.

Further review and assessment is required to determine actual customer benefit from the inclusion of this information on customer bills, noting the complexity of the operations (systems) required to accurately determine and include it.

### Availability of Best Offers

The "Best Offer" presented on bills, are offers that are available at the time the bill is issued. However, given the highly competitive retail energy market, retailers are constantly reviewing their offers. It is therefore possible that the offer which appeared on the bill is no longer available when the customer seeks to switch to it. Of course, the "Best Offer" available at the point of customer contact may be better than the offer which appeared on the bill.

In any case, retailers must be able to maintain the flexibility to remove and introduce offers as and when necessitated by the prevailing market and commercial circumstances.

### Definition of Restricted Plans

The current definition of restricted plans is adequate for determining, amongst other things, which offers are included in best offer calculations. Restricted plans are specifically targeted to an exclusive customer or group and tailored to meet their specific circumstances and needs. In addition, given that restricted plans cannot be presented to a customer that does not meet the restriction requirements, they should remain excluded from best offer calculations.

### **Accuracy of information on Victorian Energy Compare Website**

*23. Do you support the need to review relevant definitions in the code of practice or is this better managed through the Energy Fact Sheet Guidelines?*

*24. In your opinion, would there be any issues presented by prescribing a timeframe for removal of outdated offer information from Victorian Energy Compare?*

When Victorian Energy Compare is used to assist customers to compare available energy offers, the site needs to ensure that comparisons are occurring in a consistent manner. Key product, market and contract definitions must align across all instruments and customer communications, including comparator portals, to ensure customers are able to easily compare energy offers, thereby giving them the confidence to make informed decisions.

As the energy market continues to evolve through the energy transition, there will be an ongoing need to assess how comparison websites and services evaluate available energy offers. This applies to the Victorian Energy Compare website as well. The site must accommodate product innovation while also catering to products where customers play a more active role in the delivery and provision of services. This includes scenarios where customers generate and supply energy back into the grid through demand management and Virtual Power Plants (VPPs).

These new product developments need to be supported by Victorian Energy Compare.

### **Pricing and contract protections**

#### **Bill frequency obligations**

*25. Do you consider that bill frequency obligations and best offer frequency obligations are not clearly aligned and require amendment to achieve consistency? Why or why not?*

*26. Do you have any preferred options for achieving consistency between bill frequency obligations and best offer frequency obligations? What are the costs and benefits of those options?*

Retailers are incentivised to issue bills with relative frequency, as the issuing of the bill facilitates payment for the services that have been provided. No case has been made for amending either billing or best offer frequency obligations, and any amendments would impose significant system and operational costs.

However, we acknowledge any potential compliance issue arising from the misalignment of the two obligations could be addressed, at no cost, by introducing, as suggested in the Issues Paper, "clear exemptions on best offer messaging" to grant flexibility to retailers in cases where bills are delayed for issues beyond the retailer's control.

### **Clarifying unclear definitions: Standard offers**

*27. What benefits do you see in limiting when a retailer can use the language of 'standard offers' for advertising?*

*28. Do you think we should prohibit the term 'standard offer' when referring to market offers at the same price as a standing offer for gas?*

Alinta Energy does not believe there is any need to amend the Code to clarify the definition of "Standing Offer" and the use of standing offer terminology in advertising.

### **Clarifying unclear definitions: Pay-by date**

*29. In your opinion, should we define the term 'pay-by date' in the code of practice? Why or why not?*

*30. Do you think clarifying the definition of pay-by-date will reduce scope for confusing communications, or are further interventions required (such as targeted training requirements)?*

*31. Do you believe that a 'pay-by date' should be extended when a retail customer has entered into a payment arrangement? Why or why not?*

Alinta Energy does not believe any further definition or clarification is required to define the meaning of "pay-by-date".

### **Clarifying unclear definitions: Arrange a disconnection.**

*32. Do you consider that the term 'arrange a disconnection' could be clarified? Why or why not?*

*33. Are there other options to clarify in the code of practice that a service order for disconnection must be cancelled when a customer seeks payment assistance or is receiving payment assistance and is complying with the relevant terms? What are the costs and benefits of those options?*

Alinta Energy believes the term "arrange disconnection" is clearly defined where the disconnection is arranged by the retailer or at the customer's request.

We do not believe any further clarification is required.

## **Disclosure of additional retail charges in contract terms and conditions**

34. Are there any implications we should consider when specifying that 'additional retail charges' are charges which must be set out in a market retail contract or exempt person arrangement?

35. Are there any costs or benefits we should consider in relation to a retailer providing detailed information about the type of additional retail charges a customer is required to pay?

36. Are there any other issues in standard retail contract terms and conditions that we should consider?

37. Do you agree that retailer charges for gas abolishment, beyond the \$220 distributor abolishment fee, should be specified as an 'additional retail charge'? Why or why not?

Additional retail charges are charges for unique services such as meter re-fix, alter meter position, upgrade meter, supply abolishment etc.

Most customers will never be exposed to these additional charges as they will not request these services. Therefore, inclusion of all the "potential" additional charges in contract terms and conditions will only add further complexity to the contract terms.

Details and cost of additional retail charges are available and easily accessible for customers on retailer websites or by request. If and when a customer contacts their retailer to request these services any costs or requirements are communicated at that time.

Consequently, we see no warranted justification for the inclusion of additional charges in contract terms and conditions.

## **Requirement to publish changes of tariffs and charges in newspapers**

38. *What are some of the costs, benefits, or issues you see in publishing variations to tariffs online only (and not in newspapers)?*

Removing the obligation to publish changes of tariffs in newspapers will reduce costs and administrative burden on retailers at a time when significant resources are being deployed to manage tariff / price variations.

Information on the tariff / price variation will remain publicly available, so there would be no customer detriment from the removal of this publishing requirement.

Alinta Energy supports the removal of the requirement to publish changes of tariffs and charges in Newspapers.

## **General code of practice updates and other changes**

### **Protections for embedded network customers**

39. *What are the costs and benefits of increasing protections to embedded network customers that buy electricity from retailers?*

40. *What are the costs and benefits of extending family violence protections to embedded network customers?*

41. *What are the costs and benefits of extending bill change alert obligations to embedded network customers?*

42. *Do you have any comments on updating Schedule 5 and Schedule 6 of the code of practice to align with the updated General Exemption Order (GEO) 2022?*

Embedded network customers should have access to the same level of consumer protection and support that customers who do not reside in embedded networks receive.

Both customer classes are purchasing the same essential service, so there is no justification for differing levels of customer protection or access to services.

### **Use of preferred communication method**

43. *In your view, when must preferred methods of customer communication be used?*

44. *Are there any costs or benefits that would arise from always requiring the use of preferred methods of communication with small customers?*

Retailers will prioritise the use of a customer's preferred contact methods during all interactions and communications. However, at times, retailers may seek to use alternative methods if a customer is unresponsive, or their preferred method is invalid.

Given this is current standard practice, we see little benefit in any proposed change.

### **Receipt of communications and notices**

45. *Do you have any comments on aligning the code of practice with the 'presumed receipt' rules set out in the Electricity Distribution Code of Practice?*

Alinta Energy opposes the aligning of the Code with the "presumed receipt" rules set out in the Electricity Distribution Code of Practice. Current provisions set out in the Code of Practice under Clause 139(3) already clearly articulate the deemed arrangement for the receipt of written communications when sent by post.

Further the current provisions in the Code align with the "Meaning of Service by Post" as set out in the relevant *Act Interpretation Act*.

The continued use of the definition "ordinary course of post" in conjunction with the readily accessible Australia Post delivery time information, provides a far more practical and preferable outcome.

### **Clarifying timelines for compliance with certain obligations**

46. *Do you have any comments on clarifying that if a last resort event occurs, retailers must cancel direct debit arrangements within one business day and not 'immediately'?*

*47. Do you have any comments on clarifying that a disconnection warning notice must be received by a customer rather than 'issued' before a retailer must provide clear and unambiguous information about available assistance?*

Alinta Energy does not support the proposed change in terminology that a disconnection warning notice must be "received" by a customer rather than "issued" before a retailer must provide clear and unambiguous information about available assistance.

The current terminology provides a clear starting point for the commencement of the disconnection warning period, ensuring there is certainty in relation to the start and end of this period. The proposed change in terminology would introduce uncertainty, thereby creating a greater compliance risk.

This issue is another where the Commission has not presented any significant justification for the proposed change.

### **Bulk hot water formulas**

*48. Do you have any comments on the current gas and electricity bulk hot water formulas set out in Schedule 4 of the code of practice?*

No comment.

### **Consequential amendments**

*49. Are there any other issues we should consider as part of this review?*

Simplification of the obligations that govern retailer's activities in the supply of energy to customers is key to ensuring efficiencies can be realised while supporting innovation. Unwarranted complexity in obligations drives administrative compliance burden and costs, that are ultimately passed on to customers.

Regulatory and Code obligations struggle to keep pace with the changing energy market, This will be further exacerbated as the market (and customers) work towards the realisation of the energy transition. Future proofing the Code should be a key priority.