

Energy Retail Code of Practice — 12 June Workshop (ERCoP) Consultation Summary

Improving the ability to switch to the best offer

Automatic best offer for customers experiencing payment difficulty

Protections for customers paying higher prices

What: Energy Retail Code of Practice Consultation Workshop

When: Thursday 12 June 2025, 9:30 am –12:00 pm AEST.

Where: Level 8, Marra room, 570 Bourke Street, Melbourne, VIC, 3000.

Who: 18 representatives from energy businesses (including retailers, and peak bodies), 14 representatives from consumer groups and community organisations, 7 representatives from public entities (i.e. government departments, regulators), and 10 staff from the Essential Services Commission.

How: Guided discussion in groups facilitated by commission staff.

Why: To gain stakeholder feedback on the effectiveness, clarity, costs and benefits of the following proposed reforms:

- Improving the ability for consumers to switch
- Automatic Best Offer for those experiencing payment difficulty
- Protections for customers paying higher prices

Background

- This in-person workshop was part of the consultation for the commission's review of the Energy Retail Code of Practice. The review aims to update the code of practice to help households access cheaper energy deals, increase support for people experiencing payment difficulty and deliver more protections for consumers.
- This consultation summary reflects the views stakeholders shared during the online workshop. It is based on notes taken during group discussions.

Discussion 1: Improving the ability for consumers to switch

Discussion questions

Key terms

- Are the principles of 'effective', 'simple' and 'accessible' appropriate to deliver the desired outcome?
- Should there be more or different principles?

Minimum requirements

- Do the minimum requirements help address the problems customers face in switching?
- Are more or different minimum requirements needed?
- Do we need to make any considerations for small retailers? If so, what are they?

What we heard from energy businesses

Minimum requirements

- Retailers broadly agreed with the proposed minimum requirements but emphasised differing perspectives on a prescriptive vs principles-based approach. Some retailers preferred broad rules to allow for flexibility whilst having enough prescription to reduce ambiguity for compliance reasons.
- Some retailers stressed that retailers focus on serving very different customer bases. Full flexibility was important to them to account for the different needs of these customer cohorts.

Switching processes

- Retailers gave mixed views on the ease of improving the switching process. Some claimed that switching was already done well in the industry, whilst others acknowledged that a customer's experience could be very different depending on the retailer.
- Retailers argued that a 'simple' and 'effective' process could vary for different customers. They agreed that fewer clicks and highlighting key information was important to the switching process. There was also a preference for giving customers multiple avenues to switch.
- Retailers observed several reasons for a customer's reluctance to switch. This included bill stress, low perceived benefits, fear of price increases over time and customers not understanding the best offer.
- Retailers stressed the maintenance of customer choice, highlighting that customers may not want to switch due to additional benefits included in their plan.

Implementation

- A longer implementation time (of three to six months) would assist with implementation.

Other Issues

- Retailers agreed that there was also value in educating customers on how they can optimise their use to reduce costs of their specific plans. E.g. educating customers on a time of use tariff to use more energy during the middle of the day.

What we heard from consumer and community groups

Minimum requirements

- Consumer groups agreed with our proposed principles and minimum requirements and noted an outcomes-based approach might be good as it would allow retailers to approach the problems in their own way.
- They also recommended guidelines about what 'effective' means would be useful, as would clear definitions of 'simple'. Some suggested consumer testing with focus groups might be useful to help determine what exactly consumers find simple.
- They also agreed that new processes were needed to ensure that vulnerable customers are supported.

Switching processes

- Consumer groups advocated for multiple switching methods including through phone and website. Retaining phone switching methods would be helpful as not all people can or want to use online methods to switch.
- Consumer literacy around energy plans and switching is very low, with many customers not understanding best offer messaging.
- When giving customers the choice to change tariff structure, consumer groups asked retailers to sufficiently inform customers to understand how these different tariff structures would affect their pricing.
- Many consumers perceive the switching process as very complex. Consumer groups advocated for clear communication by removing real and perceived barriers that customers may have.
- Consumer groups advocated for better accessibility functionality including supports for people with disabilities, translation services and technology supports.
- Consumer groups offered examples of what they thought good accessibility might look like:
 - A button that customers can use to compare plans, then just hitting a button to switch.
 - A calculator that assesses how much you could save over a year.
 - Consideration for built in translation support would be useful for customers.

What we heard from public entities

Minimum requirements

- Public entities agreed with the proposed principles and minimum requirements. They expressed a concern about flow on effects of introducing new processes that could increase prices for consumers.

- They agreed there was a lack of consumer awareness around best offers, with many customers not understanding what the best offer was. Push notifications be used to inform customers about deemed best offer.

Switching processes

- Public entities emphasised that accessibility should not just be about ability to switch, but ensuring customers are fully informed about their choices, especially for customers without much time. Giving confidence to consumers to switch would be important.
- They also supported addressing accessibility throughout the whole switching process.

Other issues

- Public entities expressed that duplicate plan names drive a lot of confusion for consumers.

Discussion 2: Automatic Best Offer for those experiencing payment difficulty

Discussion questions

Eligibility

- Do we need to refine how we define eligibility?

Protection of customer agency

- Are any changes required for opt-out and post switch reversal procedures?
- Are any further processes to protect customer agency required?
- Do some plans or features require specific protections?

Implementation

- What is required to facilitate implementation?

What we heard from energy businesses

Eligibility

- Retailers argued that including customers in arrears beyond those receiving tailored assistance as eligible could create adverse incentives for non-payment.
- They also expressed concerns that it would be difficult to monitor the eligibility of these customers because they would need to continuously monitor the time spent in arrears and the amount of debt for each customer.

Protection of customer agency

- Retailers agreed that there was a need for an opt-out option for the automatic switch. There were mixed views on the effectiveness of opt-out notifications as it was claimed that many customers ignore letters and emails.
- Retailers expressed concerns with the post-switch reversal process. They had concerns that there could be instances where they would have to reverse a customer to a plan which no longer existed.
- Retailers emphasised the importance of engagement, claiming that the auto-switch would reduce interaction with the retailer. Changing the customer's plan without explicit informed consent would also be confusing and would require additional communications on behalf of the retailer to explain changes to customers.
- Retailers highlighted that the automatic switch might be difficult for certain contracts. Some contracts which include added benefits or are set up differently, such as plans which come bundled with solar installation, may be difficult to switch. They also highlighted that there would be issues with switching customers on dual fuel plans.

Implementation

- Retailers expressed concerns about cost, complexity, and compliance burdens of implementing reforms stressing they needed longer implementation timeframes. They also highlighted that differences national and Victorian rules would add complexity.

What we heard from consumer and community groups

Eligibility

- Consumer advocates agreed that the opt-out solution was good but could lead to adverse impacts over time. For example, a customer could initially opt out of the auto-switch and after some time face financial hardship and would no longer be protected by the auto-switch protections.
- Consumer advocates argued that there would need to be a balance struck between promoting competition and adequately protecting consumers.
- Customer advocates had mixed thoughts on the eligibility criteria. They supported the threshold of 3 months and but there was mixed support for the \$1,000 cut off citing that this could target the wrong customer group. Some advocated for a lower threshold stating it could be at the disconnection threshold.

Protection of customer agency

- Consumer advocates supported automatic switching with opt outs and reversals. They considered the benefit from being switched would outweigh potential harms from removing EIC.
- Consumer advocates disagreed that auto switching would lead to lower interaction and claimed this could build trust if the savings are communicated to customers. They also asked retailers to mine their own data to proactively engage with customers who may be suffering from hardship.

- They also expressed concerns with the automatic best offer threshold being higher than the disconnection threshold which meant that customers could be disconnected before being switched to the best offer.

What we heard from public entities

- Public entities raised concerns about customers slowly disengaging and highlighted the need to retain some sort of protections even if they had opted out. They highlighted that some opt out messaging could be useful.

Discussion 3: Protections for customers paying higher prices

Discussion questions

Reasonable price

- Do you consider more clarity is needed to determine a reasonable price for gas?
- If yes, how would this best be achieved?

Implementation

- Do you have any feedback on the proposed process and implementation timeframes?

What we heard from energy businesses

Reasonable price

- Retailers supported the flexibility of switching or reducing tariffs as retailers could then tailor their approach depending on their preferences.
- Retailers generally preferred flexibility around the concept of “reasonable price”. Some retailers expressed concerns around the complexity of regulating the word “reasonable” especially when concerning dual fuel plans or plans with bundled services such as Netflix or Qantas points. This issue would be important when dealing with complex plans such as contracts where solar batteries are included and the customer pays the battery off in instalments over time.
- Others were concerned that justifying “reasonable” would delve too deeply into a retailer’s pricing strategy. They suggested the commission could offer more clarity on how non-monetary benefits can be accounted for.
- Retailers desired further clarification on a “reasonable” gas price. They expressed preference for flexibility but raised concerns that there would need to be additional consultations to explore “reasonable” gas prices.
- Retailers asked the commission to ensure record-keeping provisions are not too onerous.

Implementation

- Retailers expressed a preference to address this issue with existing processes rather than building new systems.
- Smaller retailers had mixed thoughts on implementation of this reform. Some small retailers said the reform would be easier for them, as they have fewer customers on these plans, whilst others said the reforms would be harder to implement, as they have limited resources.
- Some retailers expressed concern about competition effects that could result from implementing this reform. They argued it would reduce the number of plans on the market and might limit retailers' ability to offer those cheaper plans.
- Several retailers suggested that the reform be implemented so that assessments were made annually or several times a year, rather than on a rolling basis of constantly assessing all contracts against the four-year deadline. This would ease implementation and administrative burden.
- Retailers would need more time to build systems to implement the change. A minimum of 12 months for implementation was proposed.
- Some retailers expressed support for the commission to do some customer education around auto-switching.

What we heard from consumer and community groups

Reasonable price

- Consumer groups agreed with our approach on high prices and that four years would be an appropriate timeframe for reviewing contracts. The Victorian Default Offer would work as a proposed 'reasonable price' for electricity.
- Some raised questions about how retailers' standing offers factored into how a 'reasonable price' would be determined for gas, as there is some variability between retailers.
- Consumer groups noted that the first four proposed factors when determining a 'reasonable price' (lowest-cost generally available plan of a retailer, median price paid by customer of a retailer, median price of a retailer's standing offers, value of any additional benefits to a customer) are all determined by retailers themselves. Therefore, guidance from the commission for determining a 'reasonable price' would be appreciated, since some retailers may be outliers regarding these factors.
- Consumer groups supported including bundled contracts in this reform to future-proof it.
- Some advocated for an automatic switch for legacy customers onto the best offer. This would lead to reduced bills and potentially reduced debt. It could also potentially form a trigger to have customers to engage with retailers.
- Consumer groups suggested whether there could be a Victorian Default Offer for gas.

Implementation

- While acknowledging implementation considerations, consumer groups noted extending implementation timelines need to be balanced with achieving positive outcomes for consumers who need these protections.

What we heard from public entities

Reasonable price

- There was some concern that the definition of 'reasonable price' might be too complex, and that retailers would have to describe their pricing strategy.
- Public entities generally agreed that the Victorian Default Offer would work as a proposed 'reasonable price' for electricity. Some suggested the threshold could be a percentage above the Victorian Default Offer.
- Public entities stressed the added complexity around adding a new term 'reasonable price'. Consumers already know about the Victorian Default Offer and adding a new term, 'reasonable price' could add information load to customers.