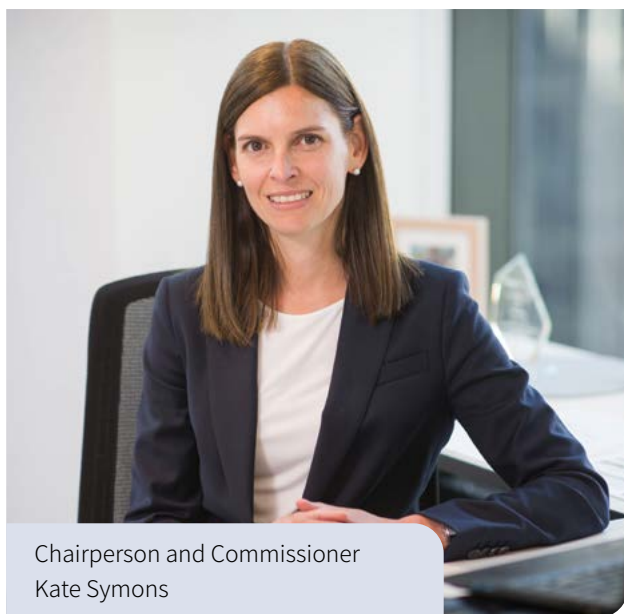


# Annual Report 2021–22 Extract



## From the chairperson



Chairperson and Commissioner  
Kate Symons

### Supporting all Victorians

The commission continued to collaborate closely with government, regulated businesses and community services to support Victorians impacted by the pandemic to access essential services. I thank everyone involved in this united effort to provide meaningful assistance to consumers through effective pandemic responses and hardship protections.

Supporting Victorians experiencing vulnerability is an enduring priority for the commission. We are bringing this to life through progressing our three-year *Getting to fair* strategy. This includes completing our review of the implementation of the Payment Difficulty Framework which requires energy retailers to provide assistance to Victorians facing bill stress. The review found that the framework does help consumers to manage their energy costs, but retailers can do more to improve the effectiveness of their assistance.

Our work on the strategy has shown us that consumers experience vulnerability in different ways. We heard this in feedback from senior Victorians and First Nations communities in relation to Telstra Energy (Retail) Pty Ltd.'s application to sell gas and electricity in Victoria. This informed our decision to impose additional conditions on Telstra Energy's retail licences to ensure effective protections for consumers.

Seeking out customer views and experiences was a key objective in our review of the water customer service codes to ensure they continue to meet the needs of customers, particularly those facing financial difficulties. We assembled a community panel of 27 Victorian consumers to hear directly from people experiencing vulnerability or financial stress. This engagement will help to improve payment difficulty support, consumer protections and communications to customers as part of the final industry standards that will take effect from 1 March 2023.

### Year in review

The past 12 months saw Victorians navigate a new set of challenges and change. We joyfully reconnected with family, friends and colleagues while grappling with the ongoing health and economic impacts of the COVID-19 pandemic.

We strengthened our resilience and resolve in the face of uncertainty and disruption, but these have been testing times for many individuals, households and businesses.

The long tail of the pandemic has highlighted the importance of the commission's role to ensure the price, quality and reliability of essential services in the long-term interests of Victorians. These services keep our communities healthy, safe and productive.

It has brought our mission to protect and promote the interests of Victorian consumers – including people on low incomes and those experiencing vulnerability – sharply into focus. This is reflected in our programs, projects and decisions over the past 12 months.

Protections for consumers experiencing family violence is an ongoing area of focus for the commission, and we believe the water and energy businesses we regulate are making progress in these important areas. To further improve outcomes, this year we engaged experts and lived-experience advisors to develop a series of industry resources for regulated businesses seeking to better support consumers affected by family violence.

## **Delivering value for Victorians**

Our decision for the Victorian Default Offer for 2022–23 followed a careful assessment of the cost to supply electricity to customers. The outcome was a price increase generally in line with the current rate of inflation. The Victorian Default Offer is an important safety net for Victorians who are unable or unwilling to engage in the energy market, particularly as we enter this period of higher wholesale energy prices.

The commission acted to support Victorians who may be affected by higher wholesale energy prices. We informed consumers of their rights and made sure their electricity and gas supply were not disrupted by energy retailers exiting the market. We continue to monitor the conduct and performance of energy retailers amid changing market conditions.

We worked with stakeholders to promote and enforce compliance with the Victorian Energy Upgrades program, the biggest energy efficiency scheme in Australia. The program delivered over 692,000 energy efficiency upgrades to Victorian homes and businesses, equating to more than 7.5 million tonnes reduction in greenhouse gas emissions.

The commission also completed our first five-yearly examination of the Port of Melbourne's compliance with the Victorian Government's Pricing Order.

## **Upholding critical consumer protections**

We provided guidance to assist energy businesses to comply with their obligations and held businesses to account when they failed to follow the rules, with a focus on our compliance and enforcement priorities. This led to five energy retailers paying \$6.485 million in penalties following alleged breaches of rules relating to planned outages, exit fees on contracts and wrongful disconnections.

In December, the commission was granted expanded enforcement powers to hold regulated energy businesses to account. These new tools boost our capabilities as a strong, fair and active regulator and help us to deliver improved outcomes for consumers.

## **Making a positive difference**

When I reflect on the challenges we have faced and the progress we have made on behalf of Victorian consumers over the past year, I am so proud of our organisation.

I am immensely proud of the commission's ongoing efforts to engage diverse voices and experiences to inform our work. This helps us to be clear in our expectations of regulated businesses, and responsive in our actions and decisions on behalf of consumers.

My thanks to my fellow commissioners Sitesh Bhojani, Rebecca Billings and Simon Corden for their support and the expertise they bring to our decision-making. My appreciation also to our chief executive officer John Hamill and his executive team for their focused leadership and proactive support to staff and stakeholders through another pandemic year.

Finally, I want to recognise the care and determination of our people who continue to work hard to make a positive difference for all Victorians. To the entire team at the commission, thank you for your contribution and your service this year.



**Kate Symons**  
Chairperson  
Essential Services Commission

# Snapshot 2021–22



We supported Victorian households and small businesses affected by COVID restrictions by:

- maintaining safeguards against disconnection and debt collection
- requiring energy companies to help customers applying for relief grants and concessions
- consulting on changes to our water codes to enhance minimum customer protections
- reporting on customer support provided and sharing best practice approaches to customer help.



**9  
actions to bring  
the voice of  
consumers into  
our work**

We continued to progress our three-year *Getting to fair* roadmap to help us provide more responsive, inclusive and accessible services to consumers experiencing vulnerability. The strategy is built around three key objectives: working with consumers, working with regulated businesses, and working on ourselves.



**Land Access Statement  
of Expectations**

We released the *Electricity Transmission Company Land Access Statement of Expectations* in May 2022 to balance the rights of landowners with the statutory right of licensed transmission companies to access private lands where necessary to provide their essential services.



**Victorian Default  
Offer**

The Victorian Default Offer – a fair price for electricity – was increased by five per cent mainly due to rising wholesale electricity costs, with 2022–23 standing offer prices remaining below where they were prior to the introduction of the Victorian Default Offer in 2019.



**Facilitating  
Victorian energy  
market entry  
and exit**

We issued 14 energy licences including:

- five electricity generation licences
- five electricity retail licences
- four retail gas licences.



**7.57 million +  
certificates registered**

More than 7.57 million Victorian energy efficiency certificates were registered as part of the Victorian Energy Upgrades program. Households are anticipated to save an average of \$117 on their annual energy bill, and small businesses are expected to save an average of \$2,208 per year.



**494  
penalty notices**

Five energy companies were issued penalty notices totalling \$6.485 million for alleged breaches of the energy rules, affecting more than 77,000 Victorians. This included: wrongful disconnection, wrongly including prohibited exit fees in energy contracts, and conducting planned electricity outages without notifying customers (including life-support customers).



**water bills  
to increase**

Water prices were set for 2022–23 with average Melbourne household bills to increase by \$10 a year, and \$45 in regional Victoria due to inflation.



**79  
councils complied  
with rate cap**

For the first time since the introduction of rate capping, no councils applied for a higher cap and no higher caps approved in previous years remained in force. As a consequence, all councils were subject to an average rate cap of 1.50 per cent.



**32  
events**

Almost 2,000 representatives from regulated businesses, consumer groups and community sector organisations participated in 32 online public and stakeholder events.


Visit [our website](#) to read the complete Annual Report.


#### Contact details


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