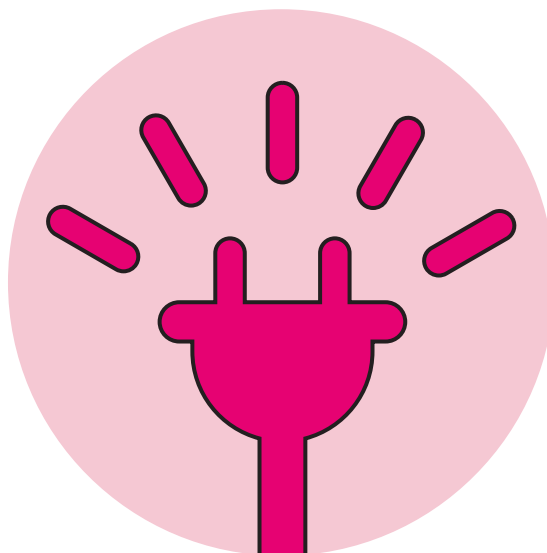


Essential
Services
Commission
Annual Report
2024–25



About this report

This annual report summarises the performance of the Essential Services Commission for 2024–25.

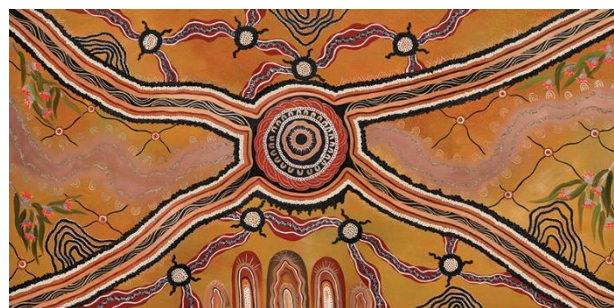
This report is available on our [website](http://www.esc.vic.gov.au):
<www.esc.vic.gov.au>.

Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.



***Dill-ba-din Balluk Biik* – Protect Community and Country**

Artist: Simone Thomson © 2023

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17 September 2025

The Hon. Danny Pearson MP
Minister for Finance
Level 36, 121 Exhibition Street
MELBOURNE VIC 3000

Dear Minister

We are pleased to present the Essential Services Commission's annual report for the year ending 30 June 2025.

The annual report had been prepared in accordance with Part 7 of the *Financial Management Act 1994* and as required by Section 31 of the *Essential Services Commission Act 2001*. It also satisfies the requirements of Regulation 7 of the *Essential Services Commission Regulations 2021*.

I would like to record my appreciation of commission staff for their commitment to delivering our regulatory, administrative and advisory program in 2024–25.

Yours sincerely

A handwritten signature in black ink, appearing to read "Gerard Brody".

Gerard Brody
Chairperson
Essential Services Commission

Essential Services Commission | Wurundjeri Country
Level 8, 570 Bourke Street | Melbourne Victoria 3000
(+61 3) 9032 1300 | esc.vic.gov.au

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Snapshot 2024–25

Highlights	Description
 Safeguarding the Victorian Energy Upgrades program	We took enforcement action against eight businesses for alleged breaches of Victorian Energy Upgrades program rules. This included warnings, suspensions, disqualifications and penalties. We penalised an accredited business for breaching the ban on cold-call telemarketing, serving three penalty notices totalling \$69,231 and ordering the surrender of 28 Victorian energy efficiency certificates (VEECs). The 38 per cent decrease in program complaints data, compared to 2023–24, suggests the new bans on telemarketing (from 1 August 2024) and doorknocking (from 1 May 2024) has had an immediate positive effect for Victorian households.
 Court action against energy businesses	We obtained civil penalties exceeding \$27.6 million in the Supreme Court of Victoria, including a record penalty for breaches of Victoria's energy rules. Origin Energy was fined \$17.6 million for breaches affecting 668,750 customers. While Sumo Power and Sumo Gas were penalised a total of \$10 million for breaches affecting over 65,000 customers.
 Victorian Default Offer prices remain stable	From 1 July 2025, the average amount Victorian Default Offer domestic customers pay for their electricity across the five electricity distribution zones is a \$20 (one per cent) increase on 2024. For small business customers, the average across the five zones is a \$90 (three per cent) increase on last year.
 Supporting vulnerable customers	We partnered with experts in family violence and economic abuse prevention to promote the design of safer systems and processes for energy and water businesses that support customers experiencing family violence. This Safety by Design partnership led to the release of the Designed to Disrupt: Safety by design for essential services report <https://www.esc.vic.gov.au/other-work/family-violence-resources-businesses> which helps create a blueprint and better guidance for the energy and water sectors.

Highlights	Description
 Port of Melbourne Rent Inquiry	We conducted an inquiry into the setting and reviewing of port precinct rental leases (from 1 November 2019 to 31 October 2024) to assess whether the rent-setting process negatively affects consumers. We found that the Port of Melbourne has power in the setting and reviewing of land rents, but it has not exercised this power to the material detriment of Victorian consumers.
 Review of the maximum prices for regulated water services	We approved the 2025–26 tariffs for 18 Victorian water businesses. In 2025–26, typical household water and sewerage bills (for owner-occupier households) will rise on average by around: • \$32 (3 per cent) in metropolitan Melbourne • \$33 (2.6 per cent) in regional Victoria. The new prices came into effect 1 July 2025.
 Developing new protections for Victorian energy consumers	We published a Regulatory Impact Statement in May 2025, which proposed new protections to improve consumers' access to cheaper energy offers, the ability to effectively switch to the best offer and improving the application of concessions. The enhanced protections, once finalised, will be set out as rules for energy retailers in our Energy Retail Code of Practice.
 Updating the Gas Distribution Code of Practice	We introduced new rules in our Gas Distribution Code of Practice, requiring gas distributors to use their best endeavours to abolish a gas connection within 20 business days of receiving a retailer's written direction. As more Victorians seek to permanently disconnect from the gas network and electrify their homes, our focus is on education and promoting compliance. The updated code of practice came into effect on 1 October 2024.

Section 1: Who we are

What we do

The Essential Services Commission is Victoria's economic regulator. We promote consumer interests by regulating Victoria's energy, water and transport sectors, and overseeing the Fair Go Rates system. We also regulate the Victorian Energy Upgrades program, which aims to reduce greenhouse gases by making energy efficiency improvements more affordable for consumers.

Our purpose

We promote the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services.

Our vision

Fair and dependable essential services, today and tomorrow.

Our values

- Integrity
- Collaboration
- Impartiality
- Excellence
- Respect

From the CEO and Chairperson

It has been another productive year for the Essential Services Commission, delivering work that will have a tangible positive impact for the Victorian community.

For most households, our pricing decisions are the most visible element of our work. The Victorian Default Offer, maximum water prices and, for the last time in 2024–25, minimum feed-in tariffs. These decisions are the culmination of significant consultation, analysis and consideration. Our thanks to all who contributed. We're proud that the commission is entrusted with this important role.

Focus on fair

We remain committed to removing barriers faced by vulnerable consumers.

In May we launched a discussion paper that helps the energy and water sectors identify risks and prevent harm for customers experiencing family violence. The paper was the outcome of our partnership with leaders in family violence and economic abuse prevention.

Vulnerable consumers were also central to the changes to the Energy Retail Code of Practice we proposed and consulted on during 2024–25. The Regulatory Impact Statement outlining our proposal considered how we can ensure households struggling with energy debt are on the most affordable plan and stay connected to power.

Enforcement

The commission achieved several notable enforcement outcomes in the past year. The penalties we issued will drive compliance and give Victorians confidence that we're actively promoting the integrity and fairness of the markets we regulate.

Notably, the Supreme Court of Victoria handed down the largest financial penalty for breaches of Victoria's energy rules in the state's history, when it penalised Origin Energy \$17.6 million for breaches affecting 668,750 customers. The court also penalised Sumo Power and Sumo Gas a total of \$10 million for unlawful doorknocking and best offer messaging failures.

In the Victorian Energy Upgrades (VEU) program, our investigations led to warnings, suspensions, disqualifications and penalties. This included the first ever penalty for breaching the ban on door-to-door marketing.

VEU complaints data shows a 38 per cent decrease in complaints compared to 2023–24, suggesting the ban on telemarketing and doorknocking has had an immediate positive effect for households.

For today and tomorrow

With the appointment of Commissioner Elly Patira in November, our leadership team returned to its full complement and began working on a new strategic plan that will guide our work program through to 2029.

Discussions with government, industry, community advocates and leading regulatory thinkers helped us identify how best we promote the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services.

We aim to have long-term impact in the following areas:

- efficient pricing
- equitable services
- resilience and sustainability
- integrity and trust.

We're confident our [2025–29 Strategic Plan](https://www.esc.vic.gov.au/about-us/our-performance/strategic-plan) <<https://www.esc.vic.gov.au/about-us/our-performance/strategic-plan>> will build on the commission's past achievements while ensuring we're well placed to respond to the challenges that lie ahead.



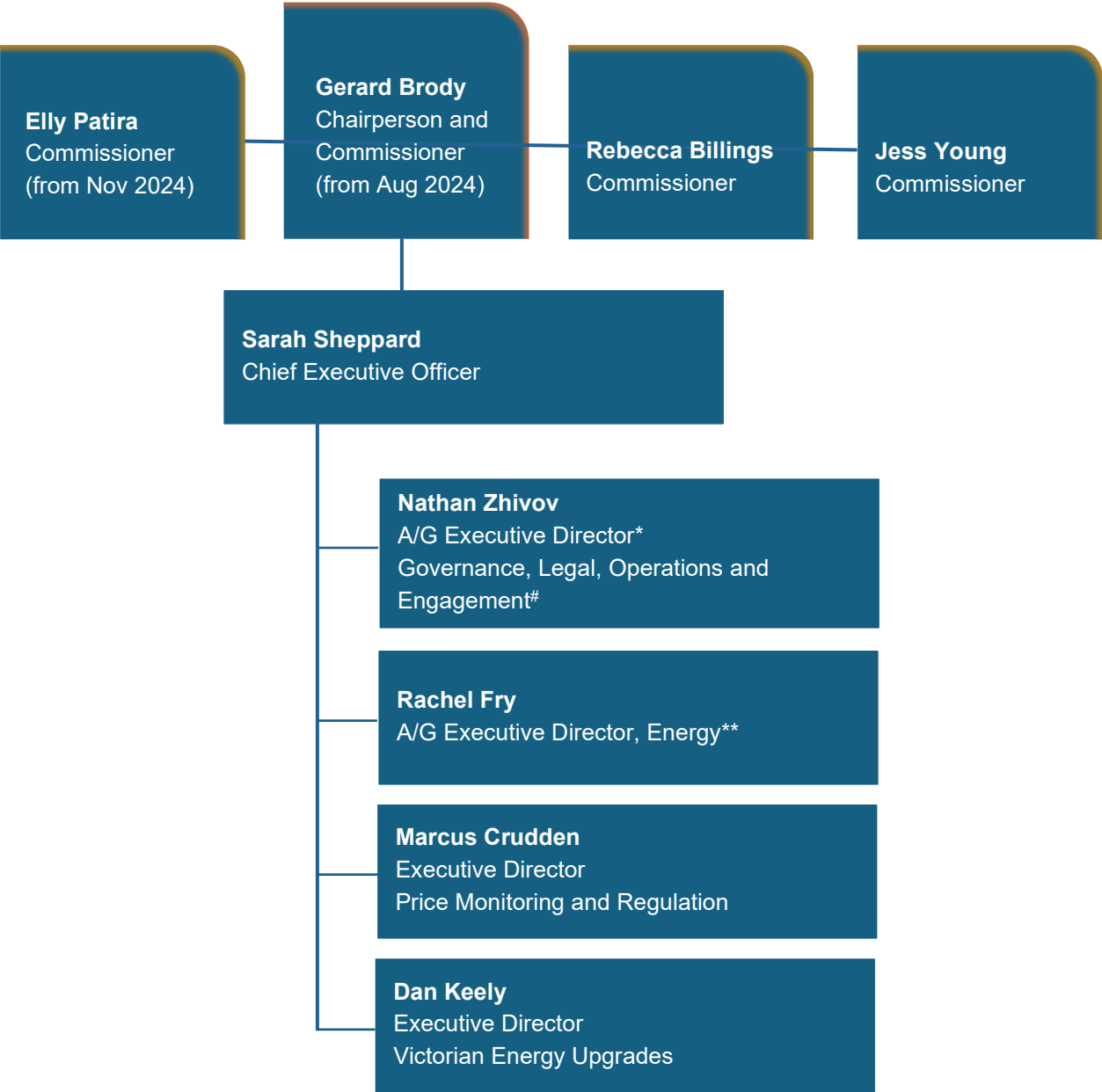
Gerard Brody
Chairperson and Commissioner
Essential Services Commission



Sarah Sheppard
Chief Executive Officer
Essential Services Commission

Our leadership team

Organisational chart as at 30 June 2025



Previous incumbent

Cherie Canning until 2 May 2025

Substantive positions

* Executive Director, Energy

** Director, Market Operations

Commissioners

Our commissioners are responsible for making decisions in relation to determinations, reviews, penalty notices, litigation and other decisions that respond to our primary responsibilities as an economic regulator.

- Gerard Brody, Chairperson and Commissioner (commenced August 2024)
- Rebecca Billings, Commissioner
- Jess Young, Commissioner
- Elly Patira, Commissioner (commenced November 2024)

Former commissioners

- Sitesh Bhojani – Commissioner (until August 2024) and Acting Chairperson from 30 June – August 2024

Executive team

The executive team as at 30 June 2025:

Chief Executive Officer – Sarah Sheppard

Sarah was appointed Chief Executive Officer in August 2023. Sarah manages the operations of the commission and leads the executive team.

Executive Director, Governance, Legal, Operations and Engagement – Nathan Zhivov (Acting)

Nathan oversees the Governance, Legal, Operations and Engagement division which oversees key internal functions. These include IT, information management, legal, people and culture, finance, governance and risk, and strategic communications.

Executive Director, Price Monitoring and Regulation – Marcus Crudden

Marcus oversees projects including, approving metropolitan and regional water businesses prices, setting the Victorian Default Offer for retail electricity prices, administering local government rate caps, setting maximum unbooked taxi fares, and regulatory functions related to the Port of Melbourne.

Executive Director, Victorian Energy Upgrades – Dan Keely

Dan oversees the Victorian Energy Upgrades program, including assessing and registering VEECs, approving products and accrediting participants. He also oversees project-based activities and monitoring and enforcement of compliance with the program rules.

Executive Director, Energy – Rachel Fry (Acting)

Rachel oversees the Energy division, including market entry and exit of energy companies, compliance and audit, and enforcement action. She is also responsible for the development of energy codes and guidelines, and market performance reporting.

Our strategy

In June 2025 we released a new five-year strategy that informs our regulatory, compliance, reporting and enforcement priorities.

The strategy was developed with input from across the commission and with stakeholders across government, regulated sectors, consumer and community groups.

The strategy outlines our plan to create long-term impact across the following domains:

Efficient Pricing

Prices are fair, economically efficient, and represent the best value for consumers.

Equitable Services

Essential services are accessible, inclusive, and responsive to all consumers, regardless of circumstances.

Resilience and Sustainability

Essential services remain just, reliable and cost-effective as they respond to long-term changes, including the transition to carbon neutrality.

Integrity and Trust

Markets operate with integrity and trust, and regulation promotes transparency, accountability, certainty and consumer confidence.

What we do to deliver outcomes

- Licence and accredit businesses
- Make pricing determinations
- Establish customer service standards
- Promote compliance and undertake enforcement
- Oversee markets and analyse business performance
- Promote improved business practices
- Conduct reviews

Focus areas

Shaping essential services that deliver for consumers

- **Setting strong standards to build confidence in Victoria's energy transition** – ensuring the Victorian Energy Upgrades program supports effective and trusted decarbonisation.
- **Building inclusive essential services where no one is left behind** – updating Getting to Fair to ensure consumers in vulnerable situations are supported.
- **Exploring principles-based, outcomes focused regulation** – considering approaches like a duty of care to drive better consumer outcomes and reduce reliance on unnecessary prescription.

Regulating infrastructure that delivers for Victoria in the long term

- Ensuring fair and efficient water pricing for the longer term – through robust price reviews.
- **Supporting a sustainable and efficient port** – promoting fair pricing that supports critical infrastructure to meet future needs.
- **Strengthening reliability and resilience** – evolve pricing and regulatory approaches to better hold businesses accountable for climate change adaptation and resilience, where benefits outweigh the costs of doing so.

Strengthening engagement to build trust and awareness

- **Enhancing the way we listen and communicate** – including by making our commissioners more accessible, so that we can better understand the benefits and costs of our decisions on consumers and businesses, and the impact of our role is more visible.

- **Driving evidence-based opportunities for collaboration** – working alongside consumers and industry to develop rules and guidance that protect consumers, are workable for businesses and empower them to navigate the complexities of the energy transition.
- **Strengthening First Nations engagement and inclusion** – improving opportunities for First Nations people to access, deliver, engage with and benefit from the essential services we regulate.

Impactful compliance and enforcement

- **Proactive compliance activities that prevent consumer harm** – using market intelligence to target compliance activities and support businesses to meet obligations.
- **Enforcement that improves the market** – focusing proportionate enforcement action where system failures undermine trust and integrity in essential services.
- **Using our range of enforcement tools** – effective and adaptive enforcement action in all situations.

Our stakeholders

As the state's economic regulator of essential services, our work touches the lives of every Victorian every day. Whether we are setting maximum prices, enforcing consumer protections, reporting on service standards or market performance, or determining rate cap applications, our decisions have the potential to affect many aspects of life for every household and business across the state.

Our stakeholder engagement framework is built around five principles:

Principle 1: We are transparent and accountable.

We are clear about what, when and how we consult. We publish information about how we make decisions and explain the decisions we have made.

Principle 2: Our engagement is considered, planned and genuine.

We develop plans with the aim of providing time for meaningful, fit-for-purpose engagement with people who are affected or have an interest in our decisions.

Principle 3: Our engagement is inclusive.

Our decisions are well-informed with input from a range of groups and individuals affected by or interested in our work.

Principle 4: Our information is clear, accessible and simple to understand.

We present information in plain language that sets out clearly what we are doing, how people are affected and how they can get involved.

Principle 5: We listen and learn to improve our consultation and engagement.

We evaluate and monitor our engagement and consultation, measuring ourselves against these principles.

Each year we publish a work program on our website that identifies key projects for the year and indicative timeframes for the release of our public reports and decisions.

Section 2: Our performance

Energy

We regulate Victoria's energy sector in a manner that promotes the long-term interests of Victorian energy consumers.

We are responsible for licensing businesses that are involved in the supply or sale of electricity and gas in Victoria. This includes energy retailers, distributors, transmission companies and generators. We also register businesses selling electricity in embedded networks.

We conduct reviews of rules and businesses to promote the interests of Victorian energy consumers, which can also include making or changing existing rules to protect consumers. We also promote and enforce energy businesses' compliance of these rules.

We set the Victorian Default Offer for electricity prices and publish regular reports on the energy market's performance to keep the community informed and up to date.

Our year in review

Compliance and enforcement

Energy continues to be a significant household expenditure for many Victorians. Compliance with Victoria's energy rules is therefore important to ease these continuing economic pressures.

The commission has legislative functions and powers to take enforcement action against energy businesses where they contravene the energy rules. We also encourage energy businesses to engage in best practice approaches to compliance aimed at preventing consumer harm. We do this by publishing guidelines, conducting compliance reviews and engaging regularly with energy businesses and community groups.

In 2024–25, the commission:

- Obtained civil penalties totalling \$17.6 million in our proceedings in the Supreme Court of Victoria against Origin Energy Electricity Limited, Origin Energy (Vic) Pty Limited and Origin Energy Retail Limited (together, Origin) for breaches of Victoria's energy rules that affected 668,750 customers (Origin Litigation). This is the largest financial penalty for breaches of Victoria's energy rules in the state's history. Other orders included contravention orders, adverse publicity orders, a quality assurance program and a compliance, education and training program. Adverse publicity notices were published by Origin in *The Age* and *Herald Sun* newspapers about the outcome of the proceedings and consumer protections under Victoria's energy laws.
- Obtained civil penalties totalling \$10 million in our proceedings in the Supreme Court of Victoria against Sumo Power and Sumo Gas for unlawful door-to-door marketing practices and non-compliance with best offer obligations (Sumo Litigation).
- Issued 143 penalty notices to energy businesses in 2024–25, amounting to \$5.3 million.
- Finalised four compliance reviews focused on retailers' compliance with the Payment Difficulty Framework.
- Undertook a review of the systems and processes Victoria's electricity distributors have in place to deliver reliable and timely information to their customers during unplanned outages and emergencies.
- Met with energy businesses over 100 times to discuss compliance matters and held 112 meetings with members of the community sector, government, and the Energy and Water Ombudsman (Victoria) to address both longstanding and emerging issues.

Our role

Our [Compliance and Enforcement Policy](https://www.esc.vic.gov.au/about-us/our-policies/compliance-and-enforcement-policy) <<https://www.esc.vic.gov.au/about-us/our-policies/compliance-and-enforcement-policy>> outlines our approach to compliance and enforcement, and describes how we use our investigative and enforcement powers. The commission also sets compliance and enforcement priorities that reflect specific areas of focus for regulated businesses to deliver better outcomes for Victorian energy consumers.

Compliance and enforcement priorities and related outcomes 2024–25

The commission's annual energy compliance and enforcement priorities promote transparency and competition in the Victorian energy market for the long-term interests of consumers.

Our 2024–25 energy compliance and enforcement priorities focused on:

- The Payment Difficulty Framework
- Disconnections for non-payment
- Protecting customers experiencing vulnerability
- Statutory land access powers
- Consumer protections during widespread unplanned outages and emergency management
- Gas connection abolishment.

This section outlines the compliance and enforcement outcomes for each of these priority areas.

1. The Payment Difficulty Framework

The commission's Payment Difficulty Framework requires energy retailers to provide assistance to customers who may be having trouble paying their bills. The commission continues to monitor retailers' behaviour and activities around this critical consumer safeguard and takes enforcement action when these protections are not complied with.

Court proceedings

The Origin Litigation included taking action against Origin for failing to provide information about payment assistance to Victorian customers between 1 January 2019 and 5 May 2023.

The court found that Origin had placed protective locks on customers' electricity and gas accounts to prevent collections activity and disconnection. However, the locks also prevented Origin's system from sending required correspondence about payment assistance when customers missed a payment plan instalment.

The court found that Origin had contravened the Energy Retail Code of Practice (and the prior Energy Retail Code) with respect to over 33,000 customers and ordered Origin to pay \$5 million in civil penalties.

Compliance reviews

We used compliance reviews as a key part of our proactive compliance program to promote the long-term interests of Victorian energy consumers. Compliance reviews provide an impartial and objective assessment of how energy businesses comply with regulatory requirements. These include legislation, codes of practice and licence conditions.

We completed four retailer compliance reviews regarding their processes and procedures in relation to the Payment Difficulty Framework. The reviews required the retailers to appoint independent auditors to check their practices with respect to specific energy rules and laws. The retailers were selected based on our analysis of performance data and compliance breaches self-reported to the commission.

Payment Difficulty Framework Guideline

The commission published the *Payment Difficulty Framework Guideline* in July 2024. The guideline provides the commission's guidance to energy retailers and exempt sellers with respect to the obligations in Part 6 of the Energy Retail Code of Practice, and associated provisions that relate to the protection of customers experiencing hardship. It also outlines what the commission considers to be better practices that retailers may adopt. The guideline consolidates and replaces previous guidance that the commission has published on the framework.

2. Disconnections for non-payment

The commission focused on disconnections for non-payment in recognition of the cost-of-living impacts on Victorians and the essential nature of electricity and gas services. Customers should only be disconnected for non-payment by an energy retailer as a last resort. The commission continued to monitor compliance in this area and took appropriate and proportionate enforcement action where needed.

Court proceedings

The Origin Litigation included taking action against Origin for wrongfully disconnecting customers. The court found that, between 14 February 2019 and 31 March 2020, Origin disconnected 197 customers without using best endeavours to contact the customers prior to the disconnection and provide clear and unambiguous information about payment assistance. The court did not order civil penalties because the conduct took place prior to amendments to the Essential Services Commission Act that enable the commission to seek civil penalties, which took effect from 1 December 2021.

The court also ordered Origin to pay \$75,000 for the wrongful disconnection of an elderly customer as part of the Origin Litigation. The court found that an unknown person had contacted Origin and impersonated the customer. Origin's agents failed to properly validate the unknown person, and in doing so, permitted the unknown person to access the account and disconnect the customer's property.

3. Protecting customers experiencing vulnerability

In 2024–25, we focused on conduct by energy businesses that gave rise to actual or potential serious consumer harm. Specifically, we focused on retailers' obligations to consider family violence as a potential cause of payment difficulty and on ensuring that disconnection of residential customers for non-payment was used as a measure of last resort.

Enforcement outcomes – family violence matters

September 2024

ENGIE paid \$1.7 million in penalty notices after it allegedly failed:

- to either prevent the disclosure or provision of confidential information about customers affected by family violence without their consent
- take reasonable steps to find out an affected customer's preferred method of communication, or
- offer practical alternatives if an affected customer's preferred method was not practicable, or
- provide customer service assistance that avoided the need for a customer affected by family violence to repeatedly disclose or refer to their experience.

January 2025

Origin Energy paid \$801,790 in penalty notices after it allegedly disclosed confidential information of family violence affected customers without their consent and took debt recovery action against family violence affected customers without considering the potential impact on them.

Court proceedings – life support matters

The Origin Litigation included taking action against Origin for failing to register customers who need electricity or gas to power their life support equipment.

The court found that Origin had:

- Failed to register five customers who required life support equipment and, also failed to send those customers information in the form of 'life support registration packs' and notify their distributors.
- Failed to update the registration of other customers after they returned paperwork from their medical practitioners that validated their life support requirements.

Most of the contraventions were caused by Origin's agents failing to register or action tasks in its systems after the customers told the agents about their life support requirements.

The court ordered Origin to pay \$900,000 in civil penalties.

Court proceedings against Sumo Power and Gas

December 2024

In the Sumo Litigation, Sumo Power and Sumo Gas were ordered to pay penalties totalling \$10 million for unlawful door-to-door marketing and failures related to its best offer messaging. Other orders included contravention orders, adverse publicity orders, the order for the implementation of a quality assurance system and an injunction.

Adverse publicity notices were published in *The Age* and *Herald Sun* newspapers about the outcome of the proceedings and consumer rights under Victoria's energy laws.

The commission also accepted an enforceable undertaking as part of a broader settlement agreement. The undertaking required Sumo to pay \$800,000 to the Consumer Action Law Centre in Victoria to fund a three-year consumer education campaign about consumer rights under Victoria's energy laws and to set up and maintain for a period of five years a new compliance management system consistent with relevant Australian Standards.

4. Statutory land access powers

Compliance with the new Land Access Code of Practice, which took effect on 1 March 2024, was a priority in 2024–25. The code sets out rules for transmission companies accessing private land under statutory powers and requires them to provide clear information to affected and interested parties before doing so.

Engagement and monitoring of transmission companies

In 2024–25, we actively engaged with transmission companies to ensure compliance with land access obligations and to support the delivery of major energy infrastructure projects in the public interest.

We closely monitored AusNet Transmission Group Pty Ltd as it progressed the Western Renewable Link project. Our oversight included monitoring through mandatory compliance and performance

reporting, as well as regular meetings to address any issues relating to adherence to the Land Access Code of Practice.

This engagement helps ensure that landholder rights are respected and that AusNet operates in line with legislative and regulatory requirements.

Transmission Company Victoria was licenced in February 2025 to transmit electricity. Following this, we commenced engagement with Transmission Company Victoria on the Victoria to New South Wales Interconnector West project. Early collaboration allows us to support strong compliance foundations and promote best practice approaches to land access as the project develops.

5. Consumer protections during widespread unplanned outages and emergency management

Severe weather events have repeatedly disrupted Victoria's energy supply in recent years, exposing vulnerabilities in the electricity distribution system. The most significant recent incident occurred on 13 February 2024, when a storm caused widespread damage. During this event, electricity distributors' websites were overwhelmed by record traffic, causing crashes and restricting public access to outage updates.

Review of electricity distributors' emergency preparedness and customer communication

In May 2025, we concluded our review of the systems and processes Victoria's electricity distributors have in place to deliver reliable and timely information to their customers during unplanned outages and emergencies. This included provisions for people who rely on electricity for their life support equipment.

The review forms part of our proactive compliance program. It required electricity distributors to demonstrate their ability to respond to unplanned outages and future extreme weather events, with respect to the Electricity Distribution Code of Practice rules.

The review strengthened the commission's understanding of how electricity distributors provide information to customers and the community and manage emergency situations. This insight enables the commission to respond more effectively during

extended outages, supporting distributors to keep customers informed and safe.

Key findings

We found, based on the information provided, that:

- all five electricity distributors demonstrated they have the systems, processes and measures in place to meet their obligations under the Electricity Distribution Code of Practice.
- Victoria's electricity distributors are regularly testing their outage communication systems and are collaborating with the relevant emergency response agencies to develop and test emergency response plans.
- while it is not possible to eliminate the risk of system failures or widespread outages, based on the evidence provided, Victoria's electricity distributors are generally prepared to manage future major outages.

6. Gas connection abolishment

New rules in the Gas Distribution Code of Practice required gas distributors to use their best endeavours to abolish a gas connection within 20 business days of receiving a retailer's written direction. The updated code of practice came into effect on 1 October 2024. We anticipated that over time, more Victorians would seek to permanently disconnect from the gas network and electrify their homes. Our focus was on education and promoting compliance with the new rules.

We have established processes to proactively monitor and promote business compliance for the benefit of consumers in the coming financial year. We continue to work with other government departments and key stakeholders to make compliance with the rules as easy as possible. As this area of compliance continues to expand, the commission's role in laying these foundations will be critical to ensuring a smooth and fair experience for Victorian gas customers.

Other compliance and enforcement activities in 2024–25

Other enforcement outcomes

September 2024

Dodo Power & Gas paid \$825,472 in penalty notices after allegedly failing to pass on Guaranteed Service Level payments to customers within the required timeframe. The company allegedly failed to report the Guaranteed Service Level payment breach and a separate disconnection breach to the commission within the prescribed timeframe.

January 2025

AGL paid \$924,600 in penalty notices after it allegedly increased tariffs payable by small customers on dates that were not a 'network tariff change date'.

June 2025

CovaU paid \$341,724 in penalty notices after it allegedly engaged in cold-calling and win-back conduct by contacting former customers who had moved to another retailer and failed to report breaches to the commission within prescribed timeframes.

Facilitating Victorian energy market entry and exit

Between 1 July 2024 and 30 June 2025, we:

- Issued 20 new energy licences:
 - 11 electricity generation licences
 - 4 electricity transmission licences
 - 2 electricity retail licences
 - 2 gas retail licences
 - 1 electricity wholesale licence.
- Revoked 17 licences:
 - 12 electricity wholesale licences
 - 2 electricity retail licences
 - 1 gas retail licence
 - 1 electricity transmission licence
 - 1 electricity generation licence.
- All were revoked by agreement with the licensees.

We also registered 235 electricity licence exemptions.

Electricity wholesale licences

In July 2024, an amendment was made to section 16(1) of the *Electricity Industry Act 2000* by the *National Energy Retail Law (Victoria) Act 2024*.

As a result, a person can now sell electricity through the wholesale electricity market without holding a licence authorising such a sale or being exempted or being the holder of a trial waiver.

In Victoria, twelve companies held licences to sell electricity through the wholesale electricity market.

All twelve companies agreed to revoke their licences on the basis that they are no longer necessary. The licences are revoked with effect from 30 June 2025.

Assessing licence applications

All licence applications are subject to public consultation. We continue to receive, consult and efficiently process licence applications, including for businesses that play a key role in Victoria's transition to net zero emissions. In 2024–25, on average, generation licence applications (from receipt to grant) were processed in 16 weeks.

When assessing licence applications, the commission has regard to its objective to promote the long-term interests of Victoria's energy consumers.

Codes of practice reviews

Proposing new rules to help Victorians access affordable energy

Throughout 2024–25, we developed and consulted on new protections for Victorian energy consumers. The protections are set out as rules for energy retailers in our Energy Retail Code of Practice.

We published a Regulatory Impact Statement in May 2025, which proposed the following new protections:

- Automatic best offer for customers experiencing payment difficulty and requiring retailers to ensure a customer on a contract four years or older is paying a reasonable price for their energy.
- Increasing the minimum debt a customer can be disconnected for.
- Improving access to cheaper offers, by considering alternative payment methods and paper bill options for all energy contracts.
- Improving the ability to switch to the best offer, by requiring retailers to have effective processes to help customers switch.
- Improving the application of concessions on bills, extending existing pricing protections to older contracts, and requiring retailers to include the contact details of the Energy and Water Ombudsman Victoria on a customer's energy bill.

We will be publishing a final decision for the reforms in September 2025.

Legacy code clean-up

We aim to improve regulation and reform codes to respond effectively to a changing environment. In 2024–25 the commission commenced a review of the following energy codes to ensure that they remain up to date and are aligned with our enforcement framework:

- Electricity Customer Metering and Transfer Codes
- Public Lighting Code.

The reviews will consider whether the matters regulated by the codes are no longer fit for purpose. If so, this will clarify the regulatory framework for the Victorian energy industry.

The reviews will be completed in 2025–26.

Review of Life Support Protections for customers

The commission commenced a review of Life Support Protections for customers in 2024–25. We are reviewing the life support protections which are contained in the Victorian energy rules that retailers, distributors and exempt persons that operate embedded networks must comply with. This review follows the Electricity Distribution Resilience Review and the Network Outage Review that were conducted in response to Victoria's 2021 and 2024 storms that led to prolonged power outages.

The review will be completed in 2025–26.

Victorian Default Offer

The Victorian Default Offer (VDO) is a cornerstone of the commission's commitment to ensuring accessible, fair and transparent electricity pricing for Victorian consumers.

Introduced as a safeguard for households and small businesses, the VDO sets a regulated electricity price independent of energy retailers' commercial strategies.

The VDO provides a standardised electricity offer available to all Victorian households and small businesses – particularly helping those who are unable or unwilling to take part in the competitive energy market. It offers:

- a consistent reference price for electricity usage
- protection against excessive retail charges
- a simplified comparison for evaluating market offers.

Retailers must make the VDO available to existing customers upon request. Additionally, it serves as a benchmark for retailers to display discounts on their market-based contracts.

Each year, the commission decides the Victorian Default Offer using current data and extensive stakeholder consultation.

The annual assessment includes:

- review of efficient costs associated with electricity provision by retailers
- engagement with industry, consumer advocates, and regulatory bodies
- economic modelling and analysis of market trends.

This rigorous process ensures the VDO reflects the efficient cost of electricity supply while supporting market transparency.

The VDO protects customers within embedded networks – such as apartment buildings and commercial complexes – as a regulated maximum price, rather than a standard offer.

While the VDO is not necessarily the cheapest offer, its role as a reference price helps consumers compare electricity tariff options. This contributes to enhanced consumer awareness, customer switching decisions and retail competition.

The VDO continues to promote integrity and fairness in the electricity market, supporting the long-term goal of a well-functioning energy sector that serves all Victorians.

Victorian Default Offer prices are broadly stable

From 1 July 2025, the average amount Victorian Default Offer domestic customers pay for their electricity across the five electricity distribution zones is a \$20 (one per cent) increase on 2024. For small business customers, the average across the five zones is a \$90 (three per cent) increase on last year.

In formulating the final decision, the commission considered feedback from stakeholders, new and updated market data, and the Australian Energy Regulator's approved network tariffs for 2025–26. Increased network tariffs contributed to the increase in the Victorian Default Offer during the year, which was only partly offset by a decline in the wholesale cost of electricity retailers purchased on the open market or contracted for with generators.

Figure 1: Change in cost components of the average Victorian Default Offer annual bill for domestic customers (annual usage of 4,000 kWh)

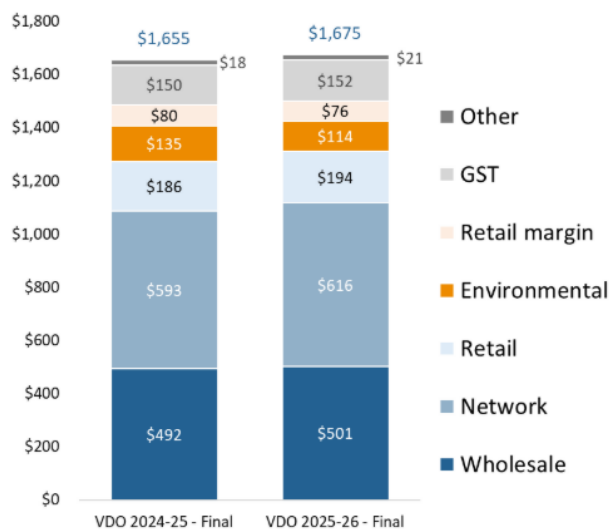
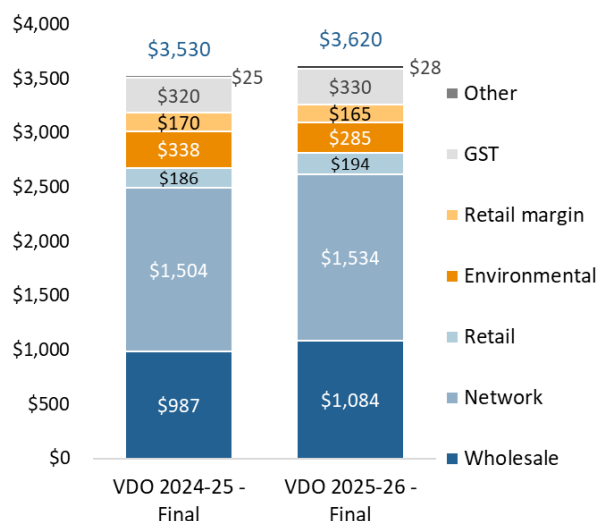


Figure 2: Change in cost components of the average Victorian Default Offer annual bill for small business customers (annual usage of 10,000 kWh)



Feed-in tariff determination

On 21 May 2025, the *Electricity Industry Act 2000* was amended in the Victorian Parliament. Following this amendment, the Essential Services Commission no longer sets the minimum feed-in tariffs. Starting 1 July 2025, electricity retailers may set their own feed-in tariffs, but these cannot be below zero (\$0.00) cents per kWh.

Prior to the May 2025 amendments, each February the commission set the minimum rates that Victorian electricity retailers with more than 5,000 customers had to pay those customers who exported excess electricity into the grid. This rate was reviewed and set on an annual basis.

The legislative amendments meant the commission's 2025–26 feed-in tariff decision, which responded to more than 300 submissions, did not take effect from 1 July.

Solar continues to help customers save on their electricity bills

Despite the commission no longer setting a solar feed-in tariff, solar customers continue to benefit from their solar system. As more people install roof-top solar, daytime wholesale electricity prices are likely to continue to decrease. However, solar customers can still make savings by using the electricity they produce instead of paying retail prices for energy they would have to import from the grid. By operating high-consumption appliances during daylight hours, when solar generation is strongest, customers can avoid higher retail prices (typically in the evening).

Enforcement action 2024–25

Month	Company	Description of enforcement action
August 2024	M2 Energy Pty Ltd (trading as Dodo Power & Gas)	22 penalty notices Penalty amount: \$825,472 Description: Dodo Power & Gas allegedly failed to pass on Guaranteed Service Level payments to customers within the required timeframe and also allegedly failed to report the Guaranteed Service Level payment breach and a separate disconnection breach to the commission within the prescribed timeframe.
September 2024	IPower Pty Limited and IPower 2 Pty Limited (trading as Engie)	45 penalty notices Penalty amount: \$1.7 million Description: Engie allegedly failed to either prevent the disclosure or provision of confidential information about customers affected by family violence without their consent, take reasonable steps to find out an affected customer's preferred method of communication, or offer practical alternatives if their preferred method was not practicable or provide customer service assistance that avoided the need for a customer affected by family violence to repeatedly disclose or refer to their experience. Also, allegedly failed to provide accurate performance reports to the commission.
December 2024	Sumo Power Pty Ltd and Sumo Gas Pty Ltd	Litigation Civil penalty amount: \$10 million Other orders: adverse publicity orders, order to implement a quality assurance system, injunctions and costs. Enforceable undertaking: Sumo committed to paying \$800,000 to the Consumer Action Law Centre in Victoria to fund a three-year consumer education campaign about consumer rights under Victoria's energy laws; and set up and maintain for a period of five years, a new compliance management system consistent with relevant Australian Standards in respect of Victoria's energy laws. Description: Sumo engaged in door-to-door marketing, entered customers into contracts without obtaining explicit informed concern, failed to comply with best offer messaging obligations.
January 2025	Origin Energy Electricity Limited	21 penalty notices Penalty amount: \$795,878 Description: Origin Energy allegedly disclosed confidential information of family violence affected customers without their consent and took debt recovery action against family violence affected customers without considering the potential impact on them.

Month	Company	Description of enforcement action
January 2025	Origin Energy (Vic) Pty Ltd	21 penalty notices Penalty amount: \$801,790 Description: Origin Energy allegedly disclosed confidential information of family violence affected customers without their consent and took debt recovery action against family violence affected customers without considering the potential impact on them.
January 2025	AGL Sales Pty Ltd	25 penalty notices Penalty amount: \$924,600 Description: AGL allegedly increased tariffs payable by small customers on dates that were not a 'network tariff change date'.
March 2025	Origin Energy Electricity Limited Origin Energy (Vic) Pty Limited	Litigation Civil penalty amount: \$17.6 million Other court orders: declarations, contravention orders, adverse publicity orders, and orders to implement a quality assurance system for payment difficulty support and best offer messaging, costs. Description: Origin Energy Electricity Limited and Origin Energy (Vic) Pty Limited admitted to: • failing to provide adequate best offer messaging to more than 655,000 customers • failing to provide adequate support to 6,806 customers experiencing payment difficulty • overcharging 78 customers • recovering undercharged amounts from 411 customers beyond a four-month back billing limit failing to adequately record, update or maintain information of 10 customers on the Life Support Register, and to provide relevant information to energy distributors.
June 2025	CovaU Pty Ltd	9 penalty notices Penalty amount: \$341,724 Description: CovaU allegedly engaged in cold-calling and win-back conduct by contacting former customers who had moved to another retailer and failed to report breaches to the commission within prescribed timeframes.

Water

We conduct price reviews, monitor and report on the performance of the water sector, and specify standards and conditions of service that Victorian water businesses must meet.

Our year in review

We issued guidance to Melbourne Water and North East Water to inform their 2026 water price review submissions. The guidance papers outline the information the two water businesses must provide in their submissions for prices they propose to apply from 1 July 2026. Both businesses must lodge their price submissions with the commission by 1 October 2025. We have met regularly with both water businesses as they develop their proposals and prepare their price submissions.

We published a consultant's independent review of our 2023 and 2024 water price reviews, which broadly affirmed that our Performance, Risk, Engagement, Management and Outcomes (PREMO) pricing framework continues to deliver positive outcomes for Victoria's water consumers. We also published our response to the review's findings, setting out how we will address the improvement opportunities identified in the review. We will continue to consult on and deliver improvement opportunities in the coming year.

We also held a joint VicWater-commission seminar on financial viability with the Victorian water sector. The seminar was well attended by chairpersons, CEOs and senior staff from water businesses, discussing issues in relation to the financial viability and long-term sustainability of the water sector.

We commenced reviewing the framework for setting new customer contributions. New customer contributions are one-off charges levied by water businesses on a property owner applying to connect to a water business's works or applying to receive increased services. We released a consultation paper in August 2024 and a report on feedback from interested parties in June 2025 and expect to release an updated framework paper in late 2025.

We also approved 2025–26 tariffs for 18 Victorian water businesses, verifying that they were consistent with their price determinations.

In 2025–26, typical household water and sewerage bills (for owner-occupier households) will rise on average by around:

- \$32 (3 per cent) in metropolitan Melbourne
- \$33 (2.6 per cent) in regional Victoria.

The new prices came into effect 1 July 2025.

Strengthened protections for customers

We published a guideline to help water businesses self-report non-compliance with the Water Industry Standards. The guideline assists water businesses to understand which potential breaches must be reported to the commission. It contains case studies and practical information about what, and how, water businesses should self-report.

We continue to monitor water business compliance with the Water Industry Standards. We also published a guideline to provide clarity on how water businesses may recover money from customers who have been undercharged.

Supporting water and energy consumers experiencing family violence

We formed a partnership with experts in family violence and economic abuse to develop resources to be used by energy and water businesses to support consumers who are experiencing family violence. In May 2025 we released a discussion paper [Designed to Disrupt: Safety by design for essential services](https://www.esc.vic.gov.au/other-work/family-violence-resources-businesses) <<https://www.esc.vic.gov.au/other-work/family-violence-resources-businesses>>. The resource features the Essential Safety by Design Framework, which will help businesses identify risks and harms in their systems and processes. Safety by Design is a proactive approach to preventing the potential for products and services to be weaponised against consumers experiencing family violence.

Reporting on customer outcomes

We published our *Outcomes Report 2023–24* in October 2024. The report considers the performance of Victoria's water businesses against their own commitments to customers.

The report covered the period from 1 July 2023 to 30 June 2024. Based on businesses' self-assessments, we considered that water businesses were generally performing well against their outcome commitments, with a number of businesses demonstrating they had delivered strong support for customers, outperforming their targets for customer support related outcomes.

We also published our *Water Performance Report 2023–24* in December 2024. This report compares Victoria's water businesses across common indicators of service and performance. It found that water businesses continued to support customers experiencing financial hardship. More State Government funded Utility Relief Grants and flexible payment plans were accessed by customers. However, the number of hardship grants awarded by water businesses fell.

We developed and published a new interactive performance dashboard on our website, to accompany the performance report, which allows customers to easily view and compare their business's performance across a range of key indicators.

We continued to release quarterly snapshots of results from our survey of water customers on the performance of their water business. Across the measures of satisfaction, value for money, trust, and reputation, average ratings remained relatively steady over 2024–25.

Local government

We provide advice on rate capping, oversee applications for higher council rate caps, produce compliance reports and conduct inquiries and reviews to promote sustainable outcomes for councils and the Victorian community.

Our year in review

Monitoring rate cap compliance

Rate capping is a system that limits the amount Victorian councils can increase their average rates by each year. We monitor councils' compliance with rate caps yearly, based on data provided by the councils.

In 2024–25, all 79 councils complied with the rate cap set for them. There were no approved higher caps for that financial year, and all councils were subject to the 2.75 per cent average rate cap set by the Minister for Local Government.

Higher rate cap applications

We assess and approve higher rate caps proposed by councils. In 2024–25, we received two applications seeking a higher rate cap for the 2025–26 financial year.

We approved Hepburn Shire Council's application for a higher rate cap of 10 per cent for 2025–26 (7 percentage points above the 3 per cent cap set by the minister) to address financial viability needs.

We also approved Indigo Shire Council's application for a higher rate cap of 7.54 per cent for 2025–26 (4.54 percentage points above the 3 per cent cap set by the minister) as a revenue-neutral transfer of uncapped service charge revenue into capped general rates and charges.

Rate capping report

We publish a Local Government Outcomes Report every two years. The report examines the impact of rate capping in Victoria with a focus on identifying emerging trends across the local government sector. Our 2025 report (covering 2022–24) provides information about councils' services, infrastructure and financial outcomes since the introduction of rate capping.

We found that most local councils remain in good financial health and ratepayers continue to benefit from council rate caps. Overall, the sector is reporting a tighter financial position than it was during the early years of rate capping. However, low levels of debt and reasonable cash reserves suggest most councils remain financially sound.

The report was accompanied by council fact sheets and an interactive data dashboard, giving councils and communities an insight into the effect of rate capping on each council.

Advice to the minister

The commission provided the following advice to the Minister for Local Government in 2024–25:

- November 2024: advice on the rate cap for 2025–26.

Transport

The commission has economic regulation responsibilities covering the Port of Melbourne, commercial passenger vehicles charges and accident towing fees.

We undertake inquiries into the Port of Melbourne's compliance with the *Port Management Act 1995* and Pricing Orders made under that act, and annually assess its wharfage charges for compliance with the Pricing Orders.

Every two years, we set maximum unbooked taxi fares in metropolitan Melbourne and Geelong, Ballarat and Bendigo, and debit, credit, and charge card payment surcharges for all taxi trips.

We also analyse accident towing charges and recommend to the Minister for Roads and Road Safety if new fees should apply over the forthcoming four-year regulatory period.

Our year in review

Port of Melbourne Market Rent Inquiry

As operator of Australia's largest container port, the Port of Melbourne uses contracts with its tenants to set property rents payable and terms and conditions, for use of port land.

We completed our second inquiry on the Port's process for settling land rents.

We handed our final report to the Minister for Finance in May 2025. Our key findings included that during the inquiry period 1 November 2019 to 31 October 2024:

- The Port of Melbourne has power in the setting and reviewing of land rents, but it has not exercised this power to the material detriment of Victorian consumers.
- The Port of Melbourne's power has not been effectively constrained by the market.
- Clauses 18 and 19 of the Port Concession Deed and the Tenancy Customer Charter have improved the rent setting process.

This was our second inquiry on the Port of Melbourne's process for setting land rents, following the first in 2020.

In conducting the review, we set out a scope and process paper in October 2024, held a public forum and consulted with the Port operator, tenants, and key stakeholders throughout late 2024 to inform our findings. The Minister for Finance tabled our inquiry findings in Parliament in June 2025.

Taxi fares and credit or debit card surcharges

We approved a 5.5 per cent increase to maximum taxi fares (and 6.2 per cent for high occupancy vehicles) payable for trips that begin from a taxi rank or street hailed.

The decision applies to metropolitan Melbourne, Frankston, Dandenong, the Mornington Peninsula, Geelong, Ballarat and Bendigo.

We also decided that the payments surcharge equal to four per cent of the metered fare was reasonable for customers to incur when using their credit or debit cards to pay. We left it unchanged at four per cent.

The new maximum fare took effect from 23 September 2024, adding \$0.84 to a 3-kilometre trip and \$3.18 from Melbourne's central business district to Tullamarine airport, now costing travellers \$67.10 (excluding tolls). The Fair Work Commission's minimum wage increase was the main reason pushing fares higher.

The final decision also set a method to adjust fares by an annual index under certain conditions.

Booked taxi trips and rideshare services are not covered by the decision.

Accident towing and storage fees

In May 2025, we presented the Minister for Roads and Road Safety our report into accident towing and storage fees to apply within the Melbourne controlled area until 2028–29.

The minister has responsibility for setting these fees after considering our report, along with advice from the Secretary, Department of Transport.

Our report recommended that:

- accident towing and storage fees should remain unchanged, except for current indexation arrangements
- the productivity adjustment factor should remain at 0.5 per cent
- basic salvage fees should not be subject to a determination.

Our report considered three industry submissions in response to the draft recommendations published in April.

The minister adopted the recommendations.

Victorian Energy Upgrades

The Victorian Energy Upgrades (VEU) program helps Victorians reduce their energy bills and greenhouse gas emissions by providing access to discounted energy efficient products and services. The program also encourages investment, employment and innovation in the industries that supply these products and services.

The commission administers the VEU program, regulating the creation of certificates, program participants and products.

Victorian energy efficiency certificates

Victorian energy efficiency certificates (VEECs) are electronic certificates that are created when energy efficiency upgrades are undertaken in Victorian homes and businesses under the VEU program. The number of VEECs that may be created by an accredited person and the corresponding greenhouse gas abatement this represents is set out in the *Victorian Energy Efficiency Target Act 2007*, Victorian Energy Efficiency Target Regulations and VEU Specifications. VEECs are sold to energy retailers who have a liability based on the level of greenhouse gas emissions generated by their sales of electricity or gas.

Our year in review

Reducing emissions and energy costs in Victoria

The VEU program generated around 5.8 million VEECs in 2024–25.

These VEECs were generated through over 390,000 upgrades across more than 268,000 households and 20,000 businesses in 2024–25. While there were fewer upgrades in 2024–25 compared with 2023–24, each upgrade generated a higher average number of VEECs. The main drivers of this change have been growth in space heating and cooling and water heating upgrades, consistent with the government's electrification agenda.

Strengthening the Victorian Energy Upgrades program for consumers

Doorknocking ban introduced

From 1 August 2024 doorknocking was banned under the VEU program. This follows the ban on 'cold-call' telemarketing that took effect on 1 May 2024. Both measures serve to protect consumers from problematic marketing practices under the program. Businesses must now obtain consumer consent before visiting or telephoning under the VEU program. This empowers consumers to choose whether they want to be contacted.

Throughout the financial year, the commission engaged in education efforts to support VEU accredited businesses and scheme participants comply with the bans. The commission also actively monitors compliance with the bans through an expanded range of tools, such as consumer surveys, audits, and by investigating complaints.

In May 2025, the commission took its first enforcement action to penalise an accredited business – Astra Green Solutions Pty Ltd (trading as Astra Green) – for breaching the ban on cold-call telemarketing, serving three penalty notices totalling \$69,231 and ordering the surrender of 28 VEECs. This enforcement action coincided with the one-year anniversary of the VEU telemarketing ban and sent a strong message to all VEU accredited businesses – they must ensure anyone working on their behalf complies with the program's rules.

New induction cooktop activity

From 25 October 2024, accredited businesses were able to create VEECs for the sale of eligible induction cooktop or freestanding combined induction cooking products for installation in a residential premises with a gas or LPG connection.

The commission continues to work with the Department of Energy, Environment and Climate Action, providing regulator insights to inform the development of new efficiency and electrification upgrade activities under the VEU program.

Energy Upgrades for the Future

On 13 May 2025, the Victorian Energy Efficiency Target Amendment (Energy Upgrades for the Future) Bill 2025 was passed by Victoria's Parliament.

Key changes included extending the scheme's operation to 2045, removing some restrictions on when a certificate must be created in order to be eligible for surrender and stronger compliance and enforcement powers for the commission to oversee the program as it continues to expand. The amendments also require mandatory training requirements for scheme participants and make clear that upgrades required by other laws may still be eligible for incentives under the VEU program. The updated legislation also means that the Victorian Government is now able to introduce more targeted incentives in the VEU program for vulnerable or low-income consumers in the future.

New VEU Registry launched

On 3 June 2025 the commission launched its new VEU Registry system. The new system replaces a 15-year-old, legacy platform and delivers a more secure, stable and expandable registry designed to meet the evolving needs of the VEU program and industry. The commission has adopted a continuous improvement program to enhance the new registry to improve efficiency and user experience and to drive program integrity.

Managing complaints

We received 1,297 program-related complaints in 2024–25, which was a 38 per cent decrease in the number of complaints received in 2023–24. This decrease was largely driven by the impact of bans on telemarketing and doorknocking marketing activity introduced in 2024–25. We worked with the Department of Energy, Environment and Climate Action and other regulators to respond to these matters and to ensure accredited persons and other program participants met their obligations to provide appropriate dispute resolution. We monitored trends in complaints to inform our approach to compliance and engagement.

Delivering our regulatory services

The commission assessed 185 applications for accreditation or renewal of accredited persons in 2024–25, an increase from 35 assessed in 2023–24. Conditions were imposed on 55 applicants to better manage compliance risks. We approved over one thousand energy efficient products for installation under the VEU program.

We reviewed over 44,000 upgrades in 2024–25 to validate the creation of 1,000,000 VEECs, (representing around 16 per cent of VEECs created), as part of our risk-based approach to monitoring compliance of VEEC creations. Where non-compliance was detected and could not be remedied, VEECs were withdrawn and/or referred for potential compliance and enforcement action (see below).

We also commenced our program of legislated assurance audits for accredited persons in 2024–25, with 32 assurance audits conducted by independent auditors. Assurance audits ensure accredited persons comply with VEU regulatory standards and strengthen the program's delivery of cost-saving outcomes to Victorian consumers. Of these assurance audits, four (13 per cent) identified instances of non-compliance, one (3 per cent) led to compliance and enforcement actions and one remains under investigation.

In addition, we required three accredited persons to undergo compliance audits in 2024–25 in response to identified compliance risks. Of these compliance audits, one resulted in administrative improvements being implemented by the accredited person, two are yet to be finalised.

VEEC surrenders for 2023

Twenty-eight energy retailers met their VEEC surrender liability in 2023, representing 95 per cent of the total VEEC surrenders required to meet the VEEC surrender liability across all retailers for 2023. During 2024–25, three energy retailers paid shortfall penalties totalling almost \$30 million for their failure to surrender sufficient certificates to meet their VEEC surrender liability in 2023.

Energy retailer	Penalty paid
IPower 2 Pty Ltd & IPower Pty Ltd (trading in partnership as Engie)	\$27,989,190
Iberdrola Australia Energy Markets Pty Ltd (trading as Iberdrola Energy)	\$904,770
Iberdrola Australia Holdings Pty Ltd (trading as Iberdrola Holdings)	\$948,780

The commission extended the date for submission of Annual Energy Acquisition Statements by energy retailers for the 2024 calendar year. Accordingly, details of any shortfalls for this period will be published separately once finalised.

Safeguarding the integrity of the Victorian Energy Upgrades program

We maintained our focus on promoting industry compliance with the VEU program's rules to uphold its integrity. Our 2024–25 compliance and enforcement priorities were informed by the current risks posed in the VEU program, and focused on:

- **Heat pump water heater installations**
We worked with Solar Victoria, the Victorian Building Authority (now Building and Plumbing Commission), WorkSafe and Energy Safe Victoria to conduct a multi-agency project focused on improving the quality of heat pump water heaters installed. This included desktop reviews, site inspections and an education and engagement process (webinars, training, communications and updated guidance).

- **Baseline manipulation**

We conducted consumer phone and email audits and data matching to monitor accredited persons compliance with requirements to provide accurate information about the type and number products they are replacing.

- **Telemarketing and doorknocking**

We provided extensive support via guidance and engagement to ensure program participants could comply with the proposed telemarketing and doorknocking bans. We monitored compliance through consumer email and phone audits and took enforcement action in response to identified non-compliance.

Based on our proactive compliance work, and in response to consumer complaints and industry tip offs, the commission has taken strong enforcement against a range of accredited persons.

Enforcement action 2024–25

Month	Company	Description of enforcement action
July 2024	Ecovantage Pty Ltd	Refused to register 831 VEECs and ordered the surrender of 458 VEECs Description: Ecovantage allegedly breached the Victorian Energy Upgrades (VEU) program rules, including the code of conduct.
October 2024	EC Focus Pty Ltd	Formal warning and refused to register 3,079 VEECs Description: EC Focus allegedly failed to use an appropriately qualified lighting designer.
December 2024	Smart User AC Pty Ltd	Formal warning, ordered the surrender of 20 VEECs, and required independent compliance audit Description: Smart User allegedly submitted inaccurate claims about baseline conditions for heating upgrades.
December 2024	Carers Club Pty Ltd (Care for Environment)	Immediate suspension of accreditation Description: Care for Environment allegedly created VEECs where no upgrade had taken place.
February 2025	Carers Club Pty Ltd (Care for Environment)	Cancellation of accreditation and disqualification for five years. Refused to register 10,148 VEECs and ordered the surrender of 78,257 VEECs Description: Following further investigation of allegations of breaches involving claiming VEECs for upgrades that did not occur.
March 2025	MYOM Australia	Formal warning, refused to register 22,792 VEECs Description: MYOM Australia allegedly failed to use an appropriately qualified lighting designer.
April 2025	Astra Green Solutions Pty Ltd	Three penalty notices totalling \$69,231.60 and ordered the surrender of 28 VEECs Description: Astra Green Solutions allegedly acquired leads via banned telemarketing.
June 2025	Phenix Trading Pty Ltd (LED Saves)	Restriction on accreditation, refused to register 1,186 VEECs, ordered the surrender of 3,651 VEECs, and required an independent compliance audit Description: LED Saves allegedly created VEECs that did not comply with the rules of the VEU program.
June 2025	AK Alvi (Zerowatt) Enterprises Pty Ltd	Refused to register 200 VEECs and required an independent compliance audit Description: AK Alvi allegedly created VEECs that did not comply with the rules of the VEU program.

Section 3: Our organisation

Corporate governance

The commission was established by the *Essential Services Commission Act 2001* to perform its regulatory and advisory functions to promote the long-term interests of consumers.

Protecting Victorian consumers

We are required to perform functions under various legislation, with the Minister for Finance being the responsible minister for the commission.

The Essential Services Commission Act requires us to:

- Perform functions as required by legislation.
- Provide advice and recommendations to the Minister for Finance on matters relating to economic regulation and regulated industries.
- Conduct inquiries (at the request of the Minister for Finance) into any systemic reliability of supply issues related to a regulated industry or other essential service.
- Conduct inquiries and report on matters relating to regulated industries.
- Conduct public education programs for the purposes of promoting our objectives and in relation to significant changes in the regulation of a regulated industry.

In seeking to achieve our objectives, we must have regard to the below matters to the extent they are relevant in any particular case:

- Efficiency in regulated industries and incentives for long-term investment.
- The financial viability of the industry.
- Competition within the industry.
- Relevant health, safety, environmental and social legislation applying to the industry.
- Benefits and costs of regulation for consumers and users of products or services (including low income and consumers experiencing vulnerability) and regulated entities.

- Consistency in regulation between states and on a national basis.
- Any other matters specified in the empowering legislation.

Exercising our statutory functions and powers

We use a formal process to exercise our functions and powers. This involves:

- Developing reports on how markets operate.
- Delivering price determinations, compliance assessments and audits.
- Taking enforcement action when required.

We also administer the Victorian Energy Upgrades program and consider higher rate cap applications from councils.

Consultation and engagement

We consult with our stakeholders on our work through formal submission processes, and by conducting workshops and public forums.

Legislation

In addition to the Essential Services Commission Act, the functions and powers of the commission are also set out in other legislation that includes:

- *Accident Towing Services Act 2007*
- *Commercial Passenger Vehicle Industry Act 2017*
- *Electricity Industry Act 2000*
- *Gas Industry Act 2001*
- *Local Government Act 1989*
- *National Electricity (Victoria) Act 2005*
- *National Gas (Victoria) Act 2008*
- *Port Management Act 1995*
- *Victorian Energy Efficiency Target Act 2007*
- *Water Act 1989*
- *Water Industry Act 1994.*

Our commission oversees organisational governance

Our commissioners meet regularly as the responsible body to deal with organisational governance. Their focus is to:

- Set and monitor the organisation's overall strategic direction.
- Oversee delivery of services, achievement of objectives and overall performance.
- Monitor financial performance and financial governance arrangements.
- Ensure compliance with statutory frameworks and integrity requirements.

Managing risk and maintaining integrity

The Audit and Risk Committee assists the commission to fulfil its responsibilities in line with the requirements of the Standing Directions under the *Financial Management Act 1994*. The committee's main responsibilities are:

- financial management and reporting
- systems of risk oversight and management, including workplace safety and wellbeing, and technology
- integrity management
- internal and external audit activities
- compliance with relevant laws and policies
- business continuity.

The committee consisted of the following during 2024–25:

- Peter Lewinsky, external member and committee chair
- Michelle Beveridge, external member
- Rebecca Billings, commissioner (until December 2024)
- Elly Patira, commissioner (from January 2025)
- Paul White, external member (from June 2025)

RSM Global provided our internal audit services in 2024–25.

Our memorandums of understanding help improve outcomes

We enter into memorandums of understanding with Victorian Government agencies who share an important working relationship with us. We use these memorandums to make our outcomes more efficient. They help improve communication and regulatory processes and reduce the duplication of work across agencies.

We held memorandums of understanding with the following organisations in 2024–25:

- Australian Energy Regulator
- Consumer Affairs Victoria
- Energy and Water Ombudsman (Victoria) Limited
- Energy Safe Victoria
- Solar Victoria, Department of Energy, Environment and Climate Action
- Sustainability Victoria.

Essential Services Commission Financial Management Compliance Attestation Statement

I, Gerard Brody, on behalf of the Responsible Body, certify that the Essential Services Commission has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Gerard Brody
Chairperson

Our people

As of 30 June 2025, we had 235 people working at the commission: 122 women, 112 men and 1 self-described employee.

Our organisation grew by 4 per cent in 2024–25.

Figure 3: Our workforce breakdown

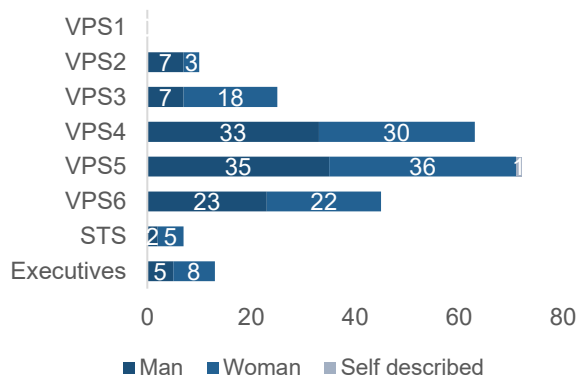
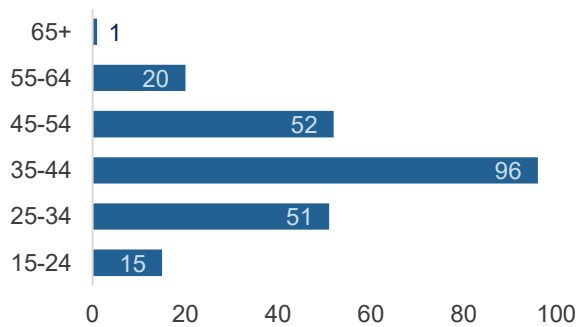


Figure 4: Our age demographic



Learning and development

Mentoring program

We continued the interdepartmental mentoring program with a new round commencing in February 2025.

The program expanded to include a new partner, Victorian Planning Authority, with colleagues from Sustainability Victoria and Infrastructure Victoria continuing their engagement. A total of 100 employees across the four organisations are participating in the program.

The program provided opportunities for learning and connection with VPS colleagues, and supported actions set in our diversity and leadership strategies, plans and frameworks.

Training and leadership development

As part of our people strategy, we successfully continued our flagship Leadership in Practice program, a key component of our leadership stream. This in-house program featured guest speakers from across the commission and one external speaker. Eleven emerging and established leaders completed the program and will now join an alumni community of practice with the first two cohorts.

We also continued to enhance our employee’s skills through both in-house and externally facilitated training. Notably, we continued our focus on developing the capability of brief writing for the commission through IPAA Victoria. Additionally, IPAA Victoria conducted the ‘How Modern Government Works’ training for all employees who are new to the government or require a refresher.

To equip our managers with essential management skills, we partnered with Lander and Rogers to provide training on managing performance and also ran in-house recruitment training.

The leadership team attended First Nations cultural safety training to gain confidence and skills to participate, engage and lead in this area.

Mental health and wellbeing training

As part of our ongoing commitment to fostering a safe and supportive workplace, all staff completed mental health and wellbeing training. This training was about the concept of psychological safety, helping build a workplace where people feel safe, respected, and supported – laying the foundation for further work in this area.

Essential Learning

In its first year, Essential Learning, a dedicated learning management system, introduced efficiencies to the user and administrative experience such as a self-service booking function and use of automated reminders. We have begun a process of implementing self-paced online learning modules to support internal knowledge sharing and learning.

Workforce planning

Recruitment

The People and Culture team has continued to support a high volume of recruitment across the commission. As part of our focus on best practice, we refreshed our in-house recruitment training for hiring managers. This training equipped managers with the skills to conduct a fair and objective selection process to identify the most suitable candidates. It also provided clear guidance on ensuring compliance with relevant policies and procedures.

We completed an extensive review of our recruitment processes, including strengthening our focus on diversity, equity and inclusion. As part of this work, we formalised processes for internal expressions of interest and higher duties arrangements to better highlight internal opportunities for staff.

Graduate program and internships

We recruited five graduates and welcomed eight rotating graduates through the VPS Graduate Program.

Throughout the program, we supported supervisors during the assessment centre recruitment process and onboarding, helping them create a positive experience for their graduates.

We provided additional learning opportunities beyond the program offerings. This included executive panel discussions, skill-building workshops, and visits to Parliament and Government House.

We maintained our commitment to early career development through the university internship programs. This resulted in two of our interns being appointed to the VPS Graduate Program for 2025.

Health and safety

Health, Safety and Wellbeing Committee

Our Occupational Health and Safety Committee met four times during 2024–2025. Attendees include health and safety representatives, members of our people and culture team, and a wellbeing representative. The newly established committee has now been in place for just over 12 months. During this time, the committee has played an active role in promoting a culture of health, safety, and wellbeing across the organisation. Key activities have included conducting regular workplace inspections, promoting relevant initiatives within their designated work groups, and consulting on health, safety and wellbeing related matters and improvements.

Health, Safety and Wellbeing Policy and Procedures

The commission undertook a major overhaul of its Occupational Health and Safety (OHS) policy and procedures. This work led to the development of a new Health, Safety and Wellbeing policy and six associated procedures. The People and Culture team led the review in close consultation with the Health, Safety and Wellbeing Committee and the broader organisation. The updated policy and procedures were approved and released in April 2025.

Incident management

During the 2024–2025 financial year, there were four hazards or incidents reported. Detailed investigations and appropriate responses were implemented to address each incident.

The following table shows the WorkCover claims in the last three financial years.

WorkCover statistics	2022–23	2023–24	2024–25
Claims	0	1	3

There were three accepted WorkCover claims in the 2024–25 year, two of which included lost time.¹ No claims were for notifiable incidents.²

Average cost per claim for the year, including an estimate of outstanding claim costs is \$119,486.

Claim no.	Lost time	Actual costs incurred	Estimated future costs
Claim 1	Yes	\$71,363.33	\$78,323.00
Claim 2	Yes	\$43,094.97	\$266,687.00
Claim 3	No	\$2,805.80	\$13,450.00

Employee relations

We are committed to ensuring that employee relations matters are treated fairly and that employees are aware of our grievance processes. No employee time was lost in 2024–25 due to industrial disputes.

Informal disputes are handled with discretion, and external mediators engaged where appropriate.

Employment and conduct principles

We are committed to applying merit and equity principles when we appoint employees.

Our selection processes ensure that applicants are assessed and evaluated fairly and equitably based on the key selection criteria and other accountabilities.

We have correctly classified our employees in workforce data collections.

Diversity, equity and inclusion

Diversity, equity and inclusion strategy and working group

Our Diversity, Equity and Inclusion Working Group has expanded to include more senior leadership at the commission, and it has continued to work actively across 2024–25 to prioritise initiatives and events celebrating the diversity of our workforce.

Workplace visibility to promote cultural safety

The commission recognises the importance of workplace visibility. We celebrate key days of significance representing the diversity of workforce and to provide capability uplift to the broader workforce.

These include Wear it Purple Day, International Women’s Day, International Day against Homophobia, Biphobia and Transphobia, International Day of People with Disability, Carers Week, International Day for the Elimination of Racial Discrimination, NAIDOC Week and Reconciliation Week.

Gender equality

We continued to work on actions in our Gender Equality Action plan which concluded on 30 June 2025.

The commission is performing well against key metrics, with a 61:56:1 per cent gender split.

Recruitment figures show women represented 40 per cent of all recruitment appointments in this reporting period.

1 Lost time claims are accepted worker’s compensation claims that resulted in one day or more away from work, fatality or permanent impairment.
2 Notifiable incidents are those which require the OH&S Regulator to be notified if they occur.

Workforce data

The following table shows the executive numbers presented between the report of operations and Note 7.2 'Remuneration of executives' in the financial statements.

		2025	2024
	Executives (financial statement Note 7.2)	14	16
	Accountable Officer (Chief Executive Officer)	1	1
Less	Separations	(2)	(4)
	Total executive numbers at 30 June	13	13

The following table shows the head count and full-time staff equivalent (FTE) of all active employees of the commission employed in the last full pay period in June 2025.

June 2025	All employees		Ongoing			Fixed term and casual	
	Number	FTE*	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Gender							
Women	122	114.5	86	25	103.8	11	10.7
Men	112	111.0	93	3	95.4	16	15.6
Self-described	1	1.0	1	0	1.0	0	0
Age							
15–24	15	15.0	13	0	13.0	2	2.0
25–34	51	50.0	41	3	43.0	7	7.0
35–44	96	91.0	71	15	81.4	10	9.6
45–54	52	50.2	39	7	44.5	6	5.7
55–64	20	19.3	15	3	17.3	2	2.0
65+	1	1.0	1	0	1	0	0.0
VPS** 1–6 Grade	215	207.6	164	26	183.0	25	24.6
VPS 1	0	0.0	0	0	0	0	0
VPS 2	10	10.0	9	0	9	1	1.0
VPS 3	25	24.3	18	2	19.3	5	5.0
VPS 4	63	62.4	52	2	53.4	9	9.0
VPS 5	72	68.0	53	14	63.2	5	4.8
VPS 6	45	42.8	32	8	38.0	5	4.8
Senior employees	20	18.9	16	2	17.2	2	1.7
STS	7	6.7	5	0	5.0	2	1.7
Executives	13	12.2	11	2	12.2	0	0.0
Other							
Total employees	235	226.5	180	28	200.2	27	26.3

* FTE = full-time equivalent

** VPS = Victorian Public Service

*** STS = Senior technical specialist

This data excludes our commissioners and chairperson.

Section 3: Our organisation

The following table shows the head count and full-time staff equivalent (FTE) of all active employees of the commission employed in the last full pay period in June 2024.

June 2024	All employees		Ongoing			Fixed term and casual	
	Number	FTE*	Full-time (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Gender							
Women	123	115.2	76	21	91.3	26	23.9
Men	100	97.6	82	2	83.6	16	14
Self-described	2	1.8	0	1	0.8	1	1
Age							
15–24	9	6.3	5	0	5	4	1.3
25–34	60	58.3	47	3	49	10	9.3
35–44	82	78.4	55	14	65.6	13	12.8
45–54	51	49.2	33	6	37.5	12	11.7
55–64	20	19.6	17	1	17.6	2	2
65+	3	2.8	1	0	1	2	1.8
VPS** 1–6 Grade	205	194.9	154	24	171.7	27	23.2
VPS 1	0	0.00	0	0	0	0	0
VPS 2	9	6.29	5	0	5	4	1.3
VPS 3	19	18.33	15	2	16.3	2	2
VPS 4	65	63.30	52	3	54.2	10	9.1
VPS 5	72	68.53	53	12	61.7	7	6.8
VPS 6	40	38.41	29	7	34.4	4	4
Senior employees	20	19.7	4	0	4.0	16	15.7
STS	7	6.7	4	0	4.0	3	2.7
Executives	13	13	0	0	0	13	13
Other							
Total employees	225	214.6	158	24	175.7	43	38.9

* FTE = full-time equivalent

** VPS = Victorian Public Service

*** STS = Senior technical specialist

This data excludes our commissioners and chairperson.

Executive numbers

Annualised total salary for senior employees of the commission, by \$20,000 bands*

Income band (salary)	Executives	STS**	PS	SMA	SRA	Other/VPS 7
\$<160,000	–	–	–	–	–	–
160,000 – 179,000	–	–	–	–	–	–
180,000 – 199,000	–	2	–	–	–	–
200,000 – 219,000	–	4	–	–	–	–
220,000 – 239,000	5	1	–	–	–	–
240,000 – 259,000	2	–	–	–	–	–
260,000 – 279,000	2	–	–	–	–	–
280,000 – 299,000	–	–	–	–	–	–
300,000 – 319,000	2	–	–	–	–	–
320,000 – 339,000	1	–	–	–	–	–
340,000 – 359,000	–	–	–	–	–	–
360,000 – 379,000	–	–	–	–	–	–
380,000 – 399,000	–	–	–	–	–	–
400,000 – 419,000	–	–	–	–	–	–
420,000 – 439,000	1	–	–	–	–	–
440,000 – 459,000	–	–	–	–	–	–
460,000 – 479,000	–	–	–	–	–	–
480,000 – 499,000	–	–	–	–	–	–

* The salaries reported above are for the full financial year at a one-full-time-equivalent rate and exclude superannuation.

** STS = senior technical specialist; PS = principal scientist; SMA = senior medical advisor; SRA = senior regulatory analyst; VPS = Victorian Public Service.

Environmental reporting

We monitored the following indicators of our environmental impact in 2024–25:

- electricity usage.

Our environmental impact has also been considered in procurement decision-making.

Snapshot

Category	Quantity used	Quantity per employee
Electricity consumption (mWh)	148.08	0.66

Overview of performance

Electricity

Electricity consumption is taken from our energy retailer billing information: we used 148.08 megawatt-hours in 2024–2025. Based on our full-time equivalent staffing of 223 employees (as of 30 June 2025) this equates to 0.66 megawatt-hours of electricity used per full-time employee.

Our building has a 5.5 NABERS (National Australian Built Environment Rating System) rating for energy usage.

Performance against output measures

The Economic Regulatory Services output contributes to the Department of Treasury and Finance's objective to strengthen Victoria's economic performance. The measures and targets align with our objective to promote the long-term interests of Victorian consumers with regard to the price, quality and reliability of essential services.

The table below summarises our performance for all output measures in 2024–25.

Performance measures	Unit of measure	2024–25 actual	2024–25 target	Performance variation (%)	result
Quantity					
Performance reports for regulated industries	number	12	12	0	✓
Setting regulated prices and tariffs in the energy sector	number	16	15	7%	●
The 2024–25 actual is higher than target due to a higher number of energy pricing decisions being made in the year than expected.					
Price determinations of regulated businesses	number	20	19	5%	✓
The 2024–25 actual is higher than target due to the taxi non-cash payment surcharge that is reviewed every two years.					
Victorian Energy Upgrades program approvals and refusals	number	1,197	1,780	-33%	●
The 2024–25 actual is lower than target reflecting changes to the Victorian Energy Upgrades (VEU) program					
Reviews, investigations or advisory projects	number	3	2	50%	✓
The 2024–25 actual is higher than target due to the accident towing review that is undertaken every four years.					
Compliance and enforcement activities – energy	number	208	150	39%	✓
The 2024–25 actual is higher than target due to a higher number of penalty notices being issued.					
Compliance and enforcement activities – Victorian Energy Upgrades (VEU)	number	226	150	51%	✓
The 2024–25 actual is higher than target due to increased numbers of accredited persons in the program and the embedding of new audit, compliance and enforcement functions.					
Quality					
Stakeholder satisfaction survey result	per cent	68	≥65 ³	0%	✓
Timeliness					
Delivery of major milestones within agreed timelines	per cent	100	100	0%	✓
Cost					
Total output cost	\$ million	10.2	8.2	24%	●
The 2024–25 actual is higher than target reflecting the Victorian Public Service Enterprise Agreement 2024 outcomes.					
✓ Performance target achieved ○ Performance target not achieved – within five per cent variance ● Performance target not achieved – exceeds five per cent variance					

3 The performance measures combine the satisfaction metric with the trust and reputation metrics from the survey results.

Our finances

Current year financial review

In 2024–25, we completed our third full year operating under the hybrid funding model introduced in December 2021, following amendments to the Essential Services Commission Act.

Funding is derived from:

- energy licence fees
- Victorian Energy Upgrades (VEU) program fees
- water licence fees
- grants provided through parliamentary appropriations
- penalties
- interest income.

Our primary recurring sources of operating income continued to be licence and other fees income. Grant income contributed less than 10 per cent of total revenue.

Penalty income increased significantly this year. In prior years under the hybrid model, annual penalty income ranged between \$2.2 and \$3.9 million. It rose to \$56.8 million in 2024–25, driven primarily by two major penalties totalling \$45.6 million.

This year also marked the first time we drew extensively on the Enforcement Fund to support enforcement and compliance activities.

We manage two trust funds:

- Operating Fund: which funds ongoing operating costs to carry out our functions.
- Enforcement Fund: which funds compliance and enforcement functions, including civil litigation and criminal prosecutions.

Relevant ministers set licence and other fees under applicable legislation. We apply multi-year, sector specific cost recovery models for Energy, Water and VEU, in line with the Department of Treasury and Finance's Pricing for Value framework.

Our budgeting approach promotes fee certainty for regulated businesses and the commission by spreading income over multiple years. We actively manage cash flow and offset income fluctuations with trust fund reserves.

We recorded a net surplus of \$28.4 million in 2024–25. This was largely due to significant penalty income received in the Enforcement Fund. At the Treasurer's direction, we returned \$21.8 million of VEU shortfall penalties to the State of Victoria's Consolidated Fund, which is managed by the Department of Treasury and Finance.

The Operating Fund recorded a \$6.1 million deficit, mainly due to:

- drawing down Operating Fund reserves to partially fund the new VEU Registry system
- investing in uplifting our IT capabilities
- lower-than-expected VEU program fees.

The cost of administering the VEU program exceeded fee income by \$3.0 million. The Enforcement Fund contributed \$2.0 million to support VEU compliance and enforcement activities. This result improved on the \$6.3 million deficit reported in 2023–24, reflecting increased VEU program fees (\$4.9 million) and lower expenditure.

We continue to work with the Department of Energy, Environment and Climate Action, and the Department of Treasury and Finance to establish a sustainable VEU program funding model by 2026.

Financial performance summary

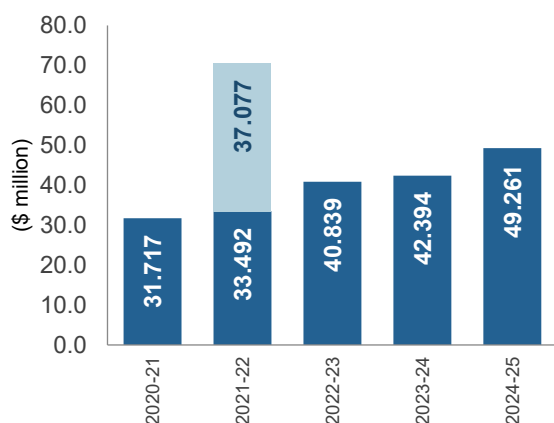
Below is a summary of our financial performance for the past five years.

Financial performance 2020–2025

	2020–21 \$m	2021–22 \$m	2022–23 \$m	2023–24 \$m	2024–25 \$m
Total income from transactions	31.7	72.8	44.8	45.1	106.1
Total expenses from transactions	31.6	33.7	37.5	46.5	77.8
Net result from transactions	0.1	39.1	7.3	(1.4)	28.4
Comprehensive result	0.3	37	6.5	(1.3)	28.4
Total assets	21.4	58.9	65.5	66.6	95.9
Total liabilities	6.9	7.5	7.5	8.3	9.2
Net assets	14.4	51.4	57.9	58.3	86.7
Net cash flow from operating activities	1.3	0	36.8	7.6	(28.3)

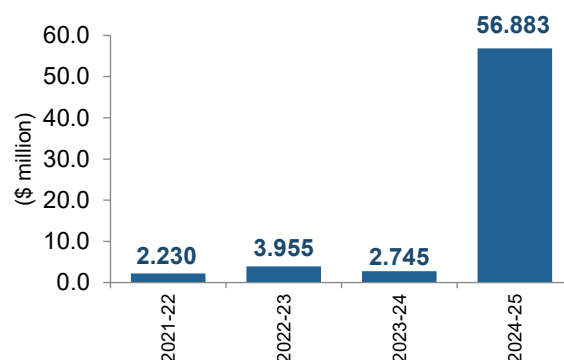
Income

Figure 5: Licence and other income, excluding penalty income, 2020–21 to 2024–25



In 2024–25, income excluding penalties increased by \$6.9 million compared to 2023–24. This growth was driven by higher fee income and interest revenue⁴

Figure 6: Penalty income, 2021–22 to 2024–25



All penalty income is allocated to the Enforcement Fund to support current and future major compliance and enforcement activities. In 2024–25, penalty income increased by \$54.1 million, including:

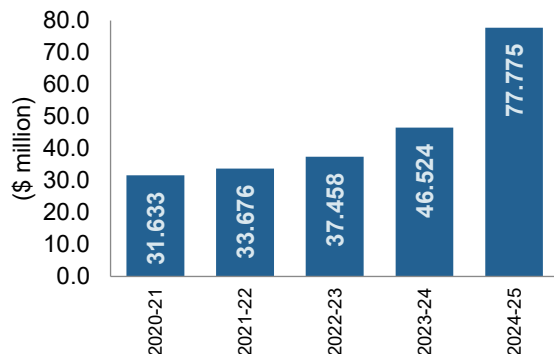
- a \$28.0 million VEU shortfall penalty
- a \$17.6 million penalty imposed on an energy retailer for breaches of Victoria's energy rules.

Penalty income is unpredictable. The high level of penalties reported for 2024–25 is unlikely to be reported again next year. At the Treasurer's direction, we returned \$21.8 million of the VEU shortfall penalty to the State Government's Consolidated Fund.

⁴ The additional \$37.077 million revenue in 2021–22 was attributable to the transition to the hybrid funding model.

Expenses

Figure 7: Our expenses, 2020–21 to 2024–25



In 2024–25, total expenses reached \$77.8 million, which included \$21.8 million of the VEU shortfall penalty paid into the State Government's Consolidated Fund (reported as a grant expense). Excluding this, total expenditure was \$55.9 million.

Employment costs remained our largest expense, increasing by 15 per cent to \$38.3 million (up from \$33.3 million in 2023–24). Key contributing factors included:

- a one-off lump sum payment and 3 per cent wage increase from the 2024 Victorian Public Service Enterprise Agreement
- increased superannuation contributions
- higher staffing levels to support enforcement and operations
- operating closer to full staffing levels compared to the previous year.

We invested \$7.7 million in replacing the VEU IT system, up from \$1.8 million in 2023–24. The new system went live in June 2025.

The Enforcement Fund supported \$3.6 million in enforcement and compliance related employment and legal expenditure, compared to \$0.8 million in 2023–24.

Other economic flows

Other economic flows primarily reflect actuarial adjustments to leave liabilities.

Assets and liabilities

As of 30 June 2025, we held \$95.9 million in net assets, up \$29.3 million from the previous year. This increase was mainly due to higher cash balances in the Enforcement Fund.

Liabilities increased to \$9.2 million, driven by higher employee provisions.

Our working capital remains sufficient to support operations over the forward estimates period. During 2024–25:

- The Operating Fund balance decreased from \$39.1 million to \$34.0 million, reflecting investments in the new VEU IT system and a broader IT capability uplift.
- The Enforcement Fund balance grew from \$7.7 million to \$42.2 million, reflecting a significant increase in penalty income.

As of 30 June 2025, the commission had committed over \$10 million from the Enforcement Fund to support current and future compliance and enforcement activities.

Net assets as a percentage of total assets 2020–2025

	2020–21	2021–22	2022–23	2023–24	2024–25
Net asset percentage	67.6%	87.2%	88.4%	87.5%	90.4%

Most of our assets are held as cash or cash equivalents. We also hold receivables from the Victorian Government, representing previously applied undrawn parliamentary appropriations.

Our main liabilities relate to accounts payable and employee entitlements.

Cost of each regulated sector

The table below outlines the total cost of our programs by regulated sectors in 2024–25 including allocated corporate support.

Regulated sector costs 2025

Sector	Cost \$m
Energy	17.5
Water	4.7
Transport	2.6
Local government	2.1
Victorian Energy Upgrades	15.9

Section 4: Financial statements for the year ended 30 June 2025

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Declaration in the financial statements

The attached financial statements for the Essential Services Commission have been prepared in accordance with Direction 5.2 of the Standing Directions made under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2025 and the financial position of the commission at 30 June 2025.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 9 September 2025.



Gerard Brody
**Chairperson and
Commissioner**
Melbourne
9 September 2025



Sarah Sheppard
Chief Executive Officer
Melbourne
9 September 2025



Jan Koops
Chief Financial Officer
Melbourne
9 September 2025

Independent auditor's report



Independent Auditor's Report

To the Commissioner of the Essential Services Commission

Opinion	I have audited the financial report of the Essential Services Commission (the commission) which comprises the: • balance sheet as at 30 June 2025 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including material accounting policy information • Declaration in the financial statements. In my opinion, the financial report presents fairly, in all material respects, the financial position of the commission as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and Australian Accounting Standards - Simplified Disclosures.
Basis for opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
The Commissioner's responsibilities for the financial report	The Commissioner of the commission is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Commissioner is responsible for assessing the commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the commission's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the commission to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
15 September 2025



Janaka Kumara
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

for the financial year ended 30 June 2025

	Notes	2025 \$	2024 \$
Income from transactions			
Licence and other fees income	2	35,826,332	30,376,107
Penalties income	2	56,882,540	2,745,247
Grant income	2	10,157,842	9,834,922
Interest income	2	2,897,833	1,815,201
Resources received free of charge	2	379,363	367,422
Total income from transactions		106,143,910	45,138,899
Expenses from transactions			
Employee expense	3.1.1	(38,276,125)	(33,265,801)
Depreciation		(135,747)	(153,875)
Interest expense		–	(725)
Grant expense	3.2	(21,842,740)	–
Supplies and services	3.3	(17,520,070)	(13,103,620)
Total expenses from transactions		(77,774,682)	(46,524,021)
Net result from transactions		28,369,228	(1,385,122)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets		–	22,592
Net gain/(loss) from revaluation of leave liabilities		12,869	37,518
Total other economic flows included in net result		12,869	60,110
Net result		28,382,097	(1,325,012)
Comprehensive result		28,382,097	(1,325,012)

The above comprehensive operating statement should be read in conjunction with the accompanying notes.

Balance sheet

as at 30 June 2025

	Notes	2025 \$	2024 \$
Assets			
Financial assets			
Cash and deposits	5.1	72,589,451	44,266,324
Receivables	4.1	21,955,055	21,198,794
Total financial assets		94,544,506	65,465,118
Non-financial assets			
Prepayments		1,198,273	877,704
Property, plant and equipment		167,335	303,083
Total non-financial assets		1,365,608	1,180,787
Total assets		95,910,114	66,645,905
Liabilities			
Payables	4.2	1,181,580	1,508,025
Employee related provisions	3.1.2	7,768,738	6,560,181
Make good provision		267,468	267,468
Total liabilities		9,217,786	8,335,673
Net assets		86,692,328	58,310,231
Equity			
Accumulated surplus		83,944,581	55,562,484
Contributed capital		2,747,747	2,747,747
Total equity		86,692,328	58,310,231

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

for the financial year ended 30 June 2025

	Accumulated surplus \$	Contributed capital \$	Total \$
Balance at 30 June 2023	56,887,496	1,044,747	57,932,243
Net result for the year	(1,325,012)	–	(1,325,012)
Capital contribution	–	1,703,000	1,703,000
Balance at 30 June 2024	55,562,484	2,747,747	58,310,231
Net result for the year	28,382,097	–	28,382,097
Balance at 30 June 2025	83,944,581	2,747,747	86,692,328

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Cash flow statement

for the financial year ended 30 June 2025

	Notes	2025 \$	2024 \$
Cash flows from operating activities			
Receipts			
Receipts from government		9,405,132	18,472,059
Receipts from other entities		93,581,055	32,830,516
Interest received		2,897,833	1,815,201
Total receipts		105,884,020	53,117,776
Payments			
Payments to suppliers and employees		(55,718,153)	(45,473,249)
Interest paid		–	(725)
Payments of grant expenses		(21,842,740)	–
Total payments		(77,560,893)	(45,473,974)
Net cash flows from/(used in) operating activities		28,323,127	7,643,802
Cash flows from investing activities			
Purchases of non-financial assets		–	(12,540)
Sales of non-financial assets		–	35,227
Net cash flows from/(used in) investing activities		–	22,687
Cash flows from financing activities			
Repayment of leases		–	(11,264)
Net cash flows from/(used in) financing activities		–	(11,264)
Net increase/(decrease) in cash and cash equivalents		28,323,127	7,655,225
Cash and cash equivalents at start of year		44,266,324	36,611,099
Cash and cash equivalents at end of year	5.1	72,589,451	44,266,324

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1. About this report

The Essential Services Commission (the commission) is a commission established under the *Essential Services Commission Act 2001*.

Its principal address is:

Essential Services Commission
Level 8
570 Bourke Street
Melbourne VIC 3000

A description of the nature of its operations and its principal activities is included in the 'Report of operations', which does not form part of these financial statements.

Basis of preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

The commission is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures (Tier 2). The prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As the commission is not a significant entity as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

These financial statements have been prepared on an accruals basis, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Transactions and balances are based on historical costs unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The functional and presentation currency is the Australian dollar. Amounts have been rounded to the nearest dollar unless otherwise stated.

Judgements, estimates and assumptions are made in applying Australian Accounting Standards. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements, assumptions and estimates that have significant effects on the financial statements are disclosed in the notes under the heading 'significant judgements or estimates'.

These financial statements cover the Essential Services Commission as an individual reporting entity and include all its controlled activities.

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, including Interpretations, issued by the Australian Accounting Standards Board. They are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those Australian Accounting Standards' paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Note 2. Funding delivery of our services

The objective of the commission is to promote the long-term interests of Victorian consumers having regard to the price, quality and reliability of essential services. The commission is an independent economic regulator that was established under the *Essential Services Commission Act 2001* (the Act). The commission has functions as conferred by the Act and other relevant legislation in relation to regulated industries providing an essential service.

At 30 June 2025, the regulated industries included electricity, gas, water and sewerage, ports, commercial passenger vehicles and accident towing. Other functions conferred under other legislation include operating the Victorian Energy Upgrades program and local government rate capping.

The commission is funded through a variety of sources including licence and other fees, penalties, grants and interest income that are paid into two trust funds:

- Operating Fund
- Enforcement Fund.

The types of payments to be paid into the Operating Fund are identified in the Act. Payments into the Operating Fund include fees paid under relevant legislation, other amounts required under the Act, and interest received on money invested in the Operating Fund.

The types of payments to be paid into the Enforcement Fund are identified in the Act. Payments into the Enforcement Fund include fines ordered by a court in respect of an offence against the Act or other relevant legislation, including the *Electricity Industry Act 2000*, *Gas Industry Act 2001*, *Water Industry Act 1994* and the *Victorian Energy Efficiency Target Act 2007* (VEET Act). Payments also include any amount paid to the commission under a civil penalty order or monetary benefits order, any notice penalty paid under the Act, and any energy efficiency shortfall penalty paid to the commission under the VEET Act, and any costs awarded to the commission in any court proceeding.

Total income from transactions was recognised as follows:

	2025 \$	2024 \$
Income from transactions		
Licence and other fees income		
• Energy licence fees income	16,632,081	16,218,837
• Water licence fees income	4,334,244	4,190,000
• Victorian energy efficiency certificate fees income	14,859,819	9,967,270
• Other fee income	188	–
Penalties income	56,882,540	2,745,247
General purpose grant income	9,807,842	9,834,922
Grant to acquire non-financial assets	350,000	–
Interest income	2,897,833	1,815,201
Resources received free of charge	379,363	367,422
Total income from transactions	106,143,910	45,138,899

Income that funds the delivery of the commission's services are accounted for consistently with the requirements of the relevant accounting standards disclosed below.

Licence and other fees income are recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. Penalty income is recognised under AASB 1058 *Income of Not-for-Profit Entities*.

The commission collects licence fees related to the operations of the commission under the *Electricity Industry Act 2000*, the *Gas Industry Act 2001*, and the *Water Industry Act 1994*. Licence fees are invoiced on the basis of a determination made by the relevant minister. The commission also collects fees under the VEET Act, and penalties issued under the Act and VEET Act.

Licence and other fees income are recognised when an invoice is issued, which establishes the entitlement to payment. Energy efficiency shortfall penalties issued under the VEET Act are recognised when a shortfall penalty is issued. Penalty notices issued under the Act are recognised when payment is received. The different recognition criteria are attributable to the different statutory frameworks pursuant to which the penalties are issued.

In 2024–25, penalty income increased by \$54.1 million, including:

- a \$28.0 million VEU shortfall penalty
- a \$17.6 million penalty imposed on an energy retailer for breaches of Victoria's energy rules.

Penalty income is unpredictable and the high level of 2024–25 penalties is unlikely to be reported again next year.

General purpose grant income received from the Department of Treasury and Finance relates to arrangements that are either not enforceable and/or do not contain sufficiently specific performance obligations. Therefore, grant income is recognised under AASB 1058 when the commission has an unconditional right to receive cash, which usually coincides with the receipt of cash.

The commission received capital grant funding intended for use in future years. The grant is recognised in accordance with AASB 1058, as the arrangement is either not enforceable or does not contain sufficiently specific performance obligations. Consequently, the income is recognised when the commission obtains control of the asset and has an unconditional right to receive the funds, which typically coincides with the receipt of cash. Although the funds are earmarked for future use, the absence of enforceable conditions means the income is recognised immediately.

Interest income is the interest received on bank deposits. Interest income is recognised using the effective interest method, which allocates interest over the relevant period. Refer to Note 6.1 for further information on interest income.

Resources received free of charge are recognised, at their fair value, for the administrative services provided by the Department of Government Services to support the operations of the commission. The corresponding expense is included in 'other' expenses in Note 3.3.

Note 3. Cost of delivering services

This note provides an account of the expenses incurred by the commission in delivering services. In Note 2, the funds that enable the provision of services were disclosed and in this note the costs associated with the provision of services are disclosed.

3.1. Employee benefits

3.1.1. Employee expenses in the comprehensive operating statement

	2025 \$	2024 \$
Salaries and wages, annual leave and long service leave	34,538,504	30,205,515
Termination benefits	201,675	112,378
Defined contribution superannuation	3,535,946	2,947,871
Defined benefit superannuation	—	37
Total employee expenses	38,276,125	33,265,801

Employee expenses include all costs related to employment including salaries and wages, superannuation, leave entitlements, termination payments, fringe benefits tax, and WorkCover premiums.

Superannuation expenses represent the employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the commission is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.1.2. Employee related provisions in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2025 \$	2024 \$
Current provisions		
Annual leave	2,489,470	2,179,511
Long service leave	3,130,521	2,718,291
On-costs	1,143,331	829,318
Total current provisions for employee benefits	6,763,322	5,727,120
Non-current provisions		
Long service leave	835,452	727,299
On-costs	169,964	105,762
Total non-current provisions for employee benefits	1,005,416	833,061
Total provisions for employee benefits	7,768,738	6,560,181

Annual leave liabilities are recognised in the provision for employee benefits as current liabilities because the commission does not have the unconditional right to defer settlement of these liabilities. Those liabilities that are expected to be settled within 12 months of the reporting period are measured at nominal values. Those liabilities that are not expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities but are measured at present value of the amounts expected to be paid when the liabilities are settled.

Long service leave liabilities are recognised in the provision for employee benefits.

Unconditional long service leave is disclosed as a current liability, even where the commission does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current long service leave liability are measured at: undiscounted value if the commission expects to wholly settle within 12 months; or present value if the commission does not expect to wholly settle within 12 months.

Conditional long service leave is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service leave is measured at present value. Any gain or loss following revaluation of the present value of non-current long service leave liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond rates for which it is then recognised as an 'other economic flow' in the net result.

Employee on-costs such as payroll tax, superannuation and workers compensation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

No provision has been made for sick leave as all sick leave is non-vesting, and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive operating statement as it is taken.

Salaries and wages liabilities are in payables (Note 4.2).

3.2. Grant expense

	2025 \$	2024 \$
Grant expense		
Grant expense to the Department of Treasury and Finance	21,842,740	–
Total grant expense	21,842,740	–

At the Treasurer's direction, the grant paid to the Department of Treasury and Finance was provided for the specific purpose that the department would pay the cash into the Consolidated Fund in accordance with section 54ZR(e) of the Act. Grant expenses are recognised in the reporting period in which they are paid or payable.

3.3. Supplies and services

	2025 \$	2024 \$
Supplies and services		
Contractors, professional services and consultants ^{5,6}	11,268,391	7,292,685
Property management services	2,305,360	1,971,700
Information technology services	2,572,778	2,046,022
Other ⁵	1,373,541	1,793,213
Total supplies and services	17,520,070	13,103,620

Supplies and services generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

5 The 2023–24 comparative figure has been adjusted due to the reclassification of expenditure totalling \$32,000 from 'other' supplies and services to 'contractors, professional services and consultants'.

6 \$5.45 million of professional services relates to the VEU Registry project, completed in 2024–25 (up from \$0.69 million in 23–24).

Note 4. Other assets and liabilities

This note sets out those assets and liabilities that arose from the commission's operations.

4.1. Receivables

	2025 \$	2024 \$
Contractual receivables		
Debtors	383,475	324,658
Statutory receivables		
Amounts owing from government	21,387,634	20,634,924
GST recoverable	183,946	239,212
Total receivables	21,955,055	21,198,794
Represented by:		
Current receivables	20,949,638	20,365,733
Non-current receivables	1,005,417	833,061

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables are not classified as financial instruments for disclosure purposes. However, AASB 9 *Financial Instruments* is applied for the initial measurement of statutory receivables. As a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction costs.

Collectability of debtors is reviewed on an ongoing basis. Bad debts are written off when identified. The commission applies the AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Credit risk associated with the commission's financial assets is minimal.

4.2 Payables

	2025 \$	2024 \$
Contractual payables		
Creditors and accruals ⁷	982,203	1,362,617
Statutory payables		
Amounts payable to other government agencies ⁷	199,377	145,408
Total payables	1,181,580	1,508,025
Represented by: Current payables	1,181,580	1,508,025

Contractual payables represent liabilities for goods and services provided to the commission prior to the end of the financial year that are unpaid. They are classified as financial instruments and measured at amortised cost.

The average credit period for trade creditors under the government's fair payments policy of settling financial obligations is 10 business days for invoices with a contract value of less than \$3 million and 30 business days for invoices with a contract value over \$3 million. The 10 business days commences from the date of receipt of a correct and complete invoice. The payment terms do not apply to an invoice which is incorrect, incomplete or under dispute. An invoice must also be received by the commission with correct address and recipient details for the payment terms to apply. In the event of a dispute, the commission makes payments within 10 to 30 business days from the date of resolution based on the value of the invoice.

Statutory payables are recognised and measured similarly to contractual payables but are not classified as financial instruments.

⁷ The 2023–24 comparative figure has been adjusted due to the reclassification of expenditure pertaining to accrued payroll tax totalling \$145,408 from contractual payables to statutory payables.

Note 5. Financing operations

This note provides information on the sources of finance utilised for the commission's operations.

5.1. Cash and deposits

Cash and deposits are held within the central banking system and are held in trust as shown in the table below.

	Opening balance \$	Total receipts \$	Total payments \$	Closing balance \$
2025				
Cash and deposits held in trust				
Operating fund ⁸	36,597,134	43,898,649	(48,885,148)	31,610,635
Enforcement fund ⁸	7,669,190	58,177,290	(24,867,664)	40,978,816
Total cash and deposits in trust	44,266,324	102,075,939	(73,752,812)	72,589,451
2024				
Cash and deposits held in trust				
Operating fund ⁸	31,127,441	45,450,454	(39,980,761)	36,597,134
Enforcement fund ⁸	5,483,658	2,806,486	(620,954)	7,669,190
Total cash and deposits in trust	36,611,099	48,256,940	(40,601,715)	44,266,324

⁸ Established under the *Essential Services Commission Act 2001* to hold monies in accordance with that Act.

5.2. Commitments for expenditure

	Under 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
2025				
Outsourcing commitments				
Information technology services	1,497,199	2,235,533	–	3,732,732
Property management services	1,732,085	584,403	–	2,316,488
Internal audit	80,000	80,000	–	160,000
Total outsourcing commitments (inclusive of GST)	3,309,284	2,899,936	–	6,209,220
2024				
Outsourcing commitments				
Information technology services	265,725	–	–	265,725
Property management services	1,628,761	2,274,242	–	3,903,003
Total outsourcing commitments (inclusive of GST)	1,894,486	2,274,242	–	4,168,728

Commitments for future expenditure include outsourcing commitments arising from contracts. These commitments are disclosed above at their nominal value and inclusive of GST.

Note 6. Financial instruments and contingencies

This note sets out financial instrument specific information, as well as those items that are contingent in nature.

6.1. Financial instrument specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Due to the nature of the commission's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation* and therefore are not disclosed in this note.

Categories of financial instruments held by the commission

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met, and the assets are not designated as fair value through net result:

- the assets are held by the commission to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment. The commission's cash and deposits and contractual receivables are in this category.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially recognised on the date they are originated and are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost using the effective interest rate method. The commission's contractual payables are in this category.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the commission retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement
- the commission has transferred its right to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the commission's continuing involvement in the asset.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

6.1.1. Carrying amount and net gain(loss) of financial instruments by category

	Notes	Carrying amount \$	Total interest income/(expense) \$
2025			
Financial assets at amortised cost			
Cash and deposits	2 & 5.1	72,589,451	2,897,833
Contractual receivables	4.1	383,475	–
Total financial assets at amortised cost		72,972,926	2,897,833
Financial liabilities at amortised cost			
Contractual payables	4.2	982,203	–
Total financial liabilities at amortised cost		982,203	–
2024			
Financial assets at amortised cost			
Cash and deposits	2 & 5.1	44,266,324	1,815,201
Contractual receivables	4.1	324,658	–
Total financial assets at amortised cost		44,590,982	1,815,201
Financial liabilities at amortised cost			
Contractual payables	4.2	1,362,617	–
Lease liabilities		–	(725)
Total financial liabilities at amortised cost⁹		1,362,617	(725)

9 The 2023–24 comparative figure has been adjusted due to the reclassification of expenditure pertaining to accrued payroll tax totalling \$145,408 from contractual payables to statutory payables.

6.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed in this note and, if quantifiable, are measured at nominal value and presented inclusive of GST.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable. There were no contingent assets as at 30 June 2025 and 30 June 2024.

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity
- present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable. There were no contingent liabilities as at 30 June 2025 and 30 June 2024.

Note 7. Other disclosures

This note includes additional material disclosures required by accounting standards or otherwise for the understanding of this financial report.

7.1 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Names

The people who held the positions of Minister, Accountable Officer (Chief Executive Officer), and Commissioner of the commission (from 1 July 2024 to 30 June 2025) were as follows.

Position Held	Name	From (date)	To (date)
Assistant Treasurer¹⁰	The Hon. Danny Pearson MP	1 July 2024	18 December 2024
Acting Assistant Treasurer¹⁰	The Hon. Steve Dimopoulos MP	9 July 2024	14 July 2024
	Tim Pallas MP	17 December 2024	18 December 2024
Minister for Finance¹⁰	The Hon. Danny Pearson MP	19 December 2024	30 June 2025
Acting Minister for Finance	Jaclyn Symes MP	6 January 2025	26 January 2025
Chief Executive Officer	Sarah Sheppard	1 July 2024	30 June 2025
Acting Chief Executive Officer	Marcus Crudden	16 October 2024	5 November 2024
Chairperson and Commissioner	Sitesh Bhojani	1 July 2024	18 August 2024
	Gerard Brody	19 August 2024	30 June 2025
Commissioner	Rebecca Billings	1 July 2024	30 June 2025
Commissioner	Jess Young	1 July 2024	30 June 2025
Commissioner	Elly Patira	4 November 2024	30 June 2025

¹⁰ The position of Assistant Treasurer ceased and was replaced by the newly created position of Minister for Finance on 19 December 2024.

Remuneration

Remuneration received or receivable by the Accountable Officer (Chief Executive Officer) and commissioners in connection with the management of the commission during the reporting period was in the range: \$1,820,000 – \$1,829,999 (\$1,850,000 – \$1,859,999 in 2023–24).

	2025 \$	2024 \$
\$10,000 – \$19,999	1	–
\$30,000 – \$39,999	–	1
\$150,000 – \$159,999	–	1
\$180,000 – \$189,999	1	–
\$200,000 – \$209,999	1	–
\$240,000 – \$249,999	1	1
\$300,000 – \$309,999	1	–
\$410,000 – \$419,999	1	–
\$420,000 – \$429,999	–	1
\$440,000 – \$449,999	1	1
\$550,000 – \$559,000	–	1
Total number of responsible persons	7	6
Total remuneration	1,823,853	1,855,320

The Ministers' remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and are reported within the 2024–25 Financial Report for the State of Victoria.

7.2 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full-time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

Remuneration of executives	2025 \$	2024 \$
Total remuneration of executives ¹¹	3,279,482	2,508,665
Total number of executives ¹¹	14	16
Total annualised employee equivalents ¹²	12.0	10.2

¹¹ Includes key management personnel (KMP) disclosed in Note 7.3, who also meet the definition of executives under FRD 21 *Disclosures of Responsible Persons and Executive Officers in the Financial Report*.

¹² Annualised employee equivalent is based on the time fraction worked over the reporting period.

7.3 Related parties

Related parties of the commission include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of State consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) and their remuneration

Key management personnel are also the responsible persons of the commission, and their positions, names and remuneration are disclosed in Note 7.1.

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Purchasing Board requirements.

Outside of normal citizen type transactions with the commission, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Significant transactions with government-related entities

The commission received grants from and paid a grant to the Department of Treasury and Finance as shown in notes 2 and 3. The commission also collected licence fees from Victorian water businesses as shown in Note 2.

7.4 Remuneration of auditors

	2025 \$	2024 \$
Remuneration of auditors		
Victorian Auditor-General's Office		
Audit of annual financial statements	38,000	32,000
Total remuneration of auditors	38,000	32,000

7.5 Subsequent events

No significant events have occurred since 30 June 2025 that would have a material impact on the information disclosed in these financial statements.

Note 8. Glossary of terms

Administered item

Administered item generally refers to a commission lacking the capacity to benefit from that item in the pursuit of the commission's objectives and to deny or regulate the access of others to that benefit.

Annualised employee equivalent

Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over 52 weeks for a reporting period.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Controlled item

Controlled item generally refers to the capacity of a commission to benefit from that item in the pursuit of the commission's objectives and to deny or regulate the access of others to that benefit.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a transaction and so reduces the net result from transactions.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- cash
- an equity instrument of another entity
- a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
 - a contract that will or may be settled in the entity's own equity instruments and is:
 - > a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - > a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- a comprehensive operating statement for the period
- a balance sheet as at the end of the period
- a statement of changes in equity for the period
- a cash flow statement for the period
- notes, comprising a summary of significant accounting policies and other explanatory information
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements
- a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Grants

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expense includes interest on bank overdrafts and short term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of lease repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Leases

Leases are rights conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net result from transactions

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposal, revaluation and impairment of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans and fair value changes of financial instruments. In simple terms, they are changes arising from market remeasurements.

Other economic flows – other comprehensive income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in the net result. The components of 'other economic flows – other comprehensive income' include changes in physical asset revaluation surplus.

Payables

Includes short- and long-term trade debt and accounts payable, grants and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short- and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the entity.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g., assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Section 5: Appendices

Appendix A: Disclosure index

The Annual Report of the Essential Services Commission is prepared in accordance with relevant Victorian legislation and reporting requirements. This index facilitates the identification of the commission's compliance with statutory disclosure requirements, including Financial Reporting Directions (FRDs) and Standing Directions (SDs).

Legislation	Requirement	Page number
Report of operations		
Charter and purpose		
FRD 22	Manner of establishment and relevant ministers	33–34
FRD 22	Purpose, functions, powers and duties	33
FRD 8	Objectives, indicators and outputs	12–13
FRD 22	Key initiatives and projects	14–32
FRD 22	Nature and range of services provided	12
Management and structure		
FRD 22	Organisational structure	10
Financial and other information		
FRD 8	Performance against output performance measures	42
FRD 10	Disclosure index	76–77
FRD 12	Disclosure of major contracts	78
FRD 15	Executive disclosures	40
FRD 22	Employment and conduct principles	37
FRD 22	Occupational health and safety policy	36
FRD 22	Summary of the financial results for the year	43–46
FRD 22	Significant changes in financial position during the year	43–46
FRD 22	Major changes or factors affecting performance	43–46
FRD 22	Subsequent events	71
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	88–90
FRD 22	Compliance with building and maintenance provision of <i>Building Act 1993</i>	78
FRD 22	Statement on National Competition Policy	78
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	88
FRD 22	Details of consultancies over \$10,000	78
FRD 22	Details of consultancies under \$10,000	78
FRD 22	Disclosure of advertising expenditure	78
FRD 22	Disclosure of grants and transfer payments	79
FRD 22	Disclosure of ICT expenditure	79

Legislation	Requirement	Page number
FRD 22	Statement of availability of other information	90
FRD 22	Procurement complaints	78
FRD 22	Review and studies	80–82
FRD 22	Emergency procurement	78
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FRD 25	Local Jobs First	79
FRD 29	Workforce data disclosures	38–40
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Compliance attestation and declaration		
SD 5.4.1	Attestation for compliance with ministerial standing direction	34
SD 5.2.3	Declaration in report of operations	3
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	48
Requirements under Standing Direction 5.2		
SD 5.2.1 (a)	Compliance with Australian accounting standards and other authoritative pronouncements	48
SD 5.2.1 (a)	Compliance with standing directions	48
SD 5.2.1 (b)	Compliance with model financial report	48
Other disclosures as required by Financial Reporting Directions in notes to the financial statements		
FRD 9	Department disclosure of administered assets and liabilities by activity	n/a
FRD 11	Disclosure of ex-gratia expenses	78
FRD 13	Disclosure of parliamentary appropriations	n/a
FRD 21	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	69–70
FRD 103	Non-financial physical assets	52
FRD 110	Cash flow statements	54
FRD 112D	Defined benefit superannuation obligations	59
FRD 114	Financial instruments – general government entities and public non-financial corporations	66–67
Legislation		
<i>Freedom of Information Act 1982</i>		88
<i>Building Act 1993</i>		78
<i>Public Interest Disclosures Act 2012</i>		88
<i>Local Jobs First Act 2003</i>		81
<i>Financial Management Act 1994</i>		49
All other legislation		33–34

Appendix B: Disclosures

Advertising expenditure

In 2024–25 there were no government advertising campaigns with a total media spend of \$100,000 or greater (exclusive of GST).

Building works

We did not have any buildings under our direct control and are therefore exempt from notifying our compliance with the building and maintenance provisions of the *Building Act 1993*.

Consultancies over \$10,000

We engaged 16 consultancies at a total expenditure of \$1,368,468.50 (excluding GST). View details of individual consultancies on our [website](http://www.esc.vic.gov.au/about-us/our-performance/annual-reports) <www.esc.vic.gov.au/about-us/our-performance/annual-reports>.

We engaged no consultancies under \$10,000.

Emergency procurement

The emergency procurement plan was not activated in 2024–25.

Procurement complaints

No complaints were received in relation to the procurement of goods and services by the commission.

Ex-gratia payments

There were no ex-gratia payments in 2024–25.

	2025 \$	2024 \$
Employment matter	–	32,114
Total ex gratia payments	–	32,114

Major contracts

We awarded no major contracts greater than \$10 million during 2024–25.

National Competition Policy

We complied with the National Competition Policy and the Competitive Neutrality Policy Victoria policy statement, as well as any subsequent reforms.

Sponsorship

Details of any sponsorship arrangements made by the commission in 2024–25 are available upon request.

Local Jobs First Act 2003

Projects commenced – Local Jobs First Standard

The *Local Jobs First Act 2003* brings together the Victorian Industry Participation Policy and Major Project Skills Guarantee policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all Metropolitan Melbourne or statewide projects valued at \$3 million or more, or \$1 million or more for projects in regional Victoria.

In the 2024–25 financial year the commission has not commenced any new projects where the Local Jobs First Policy would be applicable, nor did any projects conclude where this policy has been applied. For projects currently in train, where Local Jobs First applies, the commission continues to monitor and appropriately report on the Local Jobs First commitments as required.

Grants and transfer payments

In 2024–25, the commission collected \$29,842,740 in VEU shortfall penalties. In accordance with the Treasurer's direction, we transferred \$21,842,740 to the Consolidated Fund.

Recipient	Purpose	\$
Department of Treasury and Finance (Consolidated Fund)	Return of VEU shortfall penalty at the direction of the Treasurer	21,842,740

Information and communications technology expenditure

For the 2024–25 reporting period, the commission had a total ICT expenditure of \$14,096,000 – see the table below for details.

Type of expenditure	Expenditure \$
All operational ICT expenditure	
Business as usual ICT expenditure	4,340,000
Total Business as usual ICT expenditure	4,340,000
ICT expenditure related to projects to create or enhance ICT capabilities	
Operational expenditure	9,756,000
Capital expenditure	0
Total non-business as usual ICT expenditure	9,756,000
Total ICT expenditure	14,096,000

Information and communications technology expenditure refers to our costs in providing business-enabling information and communications technology services.

Non-business as usual ICT expenditure mainly relates to operational expenditure for the development and implementation of the new Victorian Energy Upgrade (VEU) Registry. The VEU Registry provides a single point of engagement for accredited providers, scheme participants and regulated entities. It also enables end-to-end scheme management for Essential Services Commission staff, and the ability to incorporate new and emerging technology for improved program outcomes. Non-BAU expenditure also includes \$851,000 in IT consultancy costs, which are also disclosed in our consultancy reporting. Business as usual ICT expenditure is all remaining ICT expenditure relating to ongoing activities to operate and maintain the current information and communications technology capability.

Review and study expenses

During 2024–25 we undertook the following reviews and studies.

Review/s	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available: URL = Y or N
Compliance reviews	Payment Difficulty Framework review	The scope of the review required four selected retailers to demonstrate compliance with Payment Difficulty Framework (PDF) obligations between 1 July 2023 and 30 September 2024. The review focused on the retailers' compliance with relevant clauses of the Energy Retail Code of Practice (ERCoP). Additionally, retailers must self-report potential or actual breaches of PDF provisions in accordance with the commission's Compliance and Performance Reporting Guideline. The scope of the review aimed to examine a cross-section of the retail industry by examining different sized retailers and assessing compliance with how each assists customers anticipating or experiencing payment difficulty.	The independent reviewers found that 3 of the retailers reviewed were overall compliant with the obligations within the scope of the review. One retailer was found to have several areas of non-compliance and was provided with a list of recommendations to implement updates and changes to systems, processes and controls to uplift its compliance with the relevant obligations. The outcome of the review will provide opportunities for the commission to promote best practice and highlight areas of improvement and non-compliance to the broader industry through summary publications on the commission's website.	Internal staff cost only	Internal staff cost only	A summary of this project will be published on the commission's website later in 2025.

Review/s	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available: URL = Y or N
Codes of practice reviews	Energy Retail Code of Practice review (ongoing)	We regularly review and amend the Energy Retail Code of Practice to reflect legislative and statutory requirements, and to ensure that obligations on energy retailers work to serve the long-term interests of consumers. We are currently reviewing the code of practice to enhance protections for Victorian energy customers, particularly those experiencing payment difficulty. The review is also in response to reforms proposed by the Energy and Climate Change Ministerial Council and the Victorian Minister for Energy and Resources. The review requires a Regulatory Impact Statement (RIS) to assess possible options, prior to making reforms.	The primary objectives of the proposed reforms are to: • help households pay less for energy • enhance protections for energy consumers. These are supported by three sub-objectives that address specific problems and help achieve the primary objectives, which are: • increase support for people experiencing payment difficulty • support eligible people to access concessions • improve awareness of independent dispute resolution services.	\$140,000 in external costs		Reviewing the Energy Retail Code of Practice <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code-practice/reviewing-energy-retail-code-practice>
	Electricity Customer Metering and Transfer Codes	We aim to improve regulation and reform codes to respond effectively to a changing environment. We review energy codes to ensure that they remain up to date and are aligned with our enforcement framework. We also remove instruments which are outdated. This review considers whether the electricity customer metering and transfer codes of practices should be revoked.	The review will consider whether the matters regulated by the codes are duplicated through other national and Victorian regulation. If so, this will clarify the regulatory framework for the Victorian energy industry.	\$16,500 in external costs		Revoking the Electricity Customer Metering Code of Practice and the Electricity Customer Transfer Code of Practice Essential Services Commission <https://www.esc.vic.gov.au/electricity-and-gas/electricity-and-gas-inquiries-studies-and-reviews/revoking-electricity-customer-metering-code-practice-and-electricity-customer-transfer-code-practice>

Review/s	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly available: URL = Y or N
	Public Lighting Code	We aim to improve regulation and reform codes to respond effectively to a changing environment. We review energy codes to ensure that they remain up to date and are aligned with our enforcement framework. We also remove instruments which are outdated.	The review will consider whether the matters regulated by the codes are no longer fit for purpose. If so, this will clarify the regulatory framework for the Victorian energy industry.	Internal staff cost only		Not yet public
	Review of Life Support Protections for customers	This reviews the life support protections which are contained in the Victorian energy rules that retailers, distributors and exempt persons that operate embedded networks must comply with. This follows the Electricity Distribution Resilience Review, and the Network Outage Review, which were conducted in response to Victoria's 2021 and 2024 storms that led to prolonged power outages. The review will consider the Energy Charter's 'Better protections for life support customers' rule change proposal that the Australian Energy Market Commission (AEMC) is currently assessing.	The changes that we are considering aim to improve the accuracy of life support registers and their use by emergency agencies. One proposed key change would help distinguish which customers critically need life support equipment. This information could help emergency agencies focus their efforts on those needing critical help during prolonged power outages.	Internal staff cost only		Review of life support protections in Victoria Essential Services Commission https://www.esc.vic.gov.au/electricity-and-gas/inquiries-studies-and-reviews/review-life-support-protections-victoria

Appendix C: Ministerial statement of expectations

The Minister for Finance sets out expectations for our contribution to the Victorian Government's regulatory reform program. This table shows our progress against these expectations.

Key area	Progress as of 30 June 2025
Implement the reforms to the Victorian Energy Upgrades program, in line with budget funding and proposed legislation.	The commission has implemented ongoing reforms to the VEU program since mid-2022 with the introduction of a new Code of Conduct, followed by implementation of significant amendments to the <i>Victorian Energy Target Act 2007</i> which commenced in July 2023. These changes included a new accreditations framework and new requirements providing for greater oversight of anyone holding, transferring or surrendering Victorian energy efficiency certificates (VEECs) rolled out in 2023–24. New audit functions also came into effect on 1 July 2024. Following a ban on 'cold-call' telemarketing that was implemented in April 2024, a ban on doorknocking also came into effect in August 2024. Guidance documents, stakeholder communications, a webinar and targeted engagement with industry stakeholders that used doorknocking prior to the bans were delivered to support accredited persons and scheme participants to understand their obligations and comply with the ban requirements. From October 2024, a new activity was added to the program with the sale of eligible induction cooktop or freestanding combined induction cooking products for installation in a residential premises with a gas or LPG connection becoming eligible for the creation of VEECs for accredited businesses. In May 2025 the Victorian Government passed the Victorian Energy Efficiency Target Amendment (Energy Upgrades for the Future) Bill 2025 to extend the program to 2045, introduce new regulatory tools under the program, and remove certain restrictions on the surrender of VEECs. The commission is progressing implementation of changes to our compliance and enforcement frameworks to reflect bill amendments. In June 2025, the commission introduced the new VEU Registry system, replacing a legacy platform that had been in use for 15 years. This modern system offers enhanced security, stability, and scalability, ensuring it can support the evolving requirements of the VEU program and its stakeholders. To further strengthen the registry, the commission has implemented a continuous improvement approach focused on boosting efficiency, enhancing user experience, and upholding program integrity.
Work with Local Government Victoria and the local government sector in providing advice to the Minister for Local Government on hardship policies and setting maximum interest rates for late payments.	Initial views on hardship policies were provided to the Minister for Local Government in February 2023 and advice on maximum interest provided in April 2024. We continue to meet with the department on the development of a hardship guideline. We provided advice to the Minister for Local Government on a maximum interest rate for later payment in April 2024.

Key area	Progress as of 30 June 2025
Implement the reforms associated with the <i>Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021</i> , particularly the new enforcement tools and the establishment of new trusts.	Reforms associated with the amendment were implemented in FY 23–24. We have implemented the funding model outlined in the amended Act, including establishment of operating and enforcement trust funds.
Continue to progress the <i>Getting to fair</i> strategy to support vulnerable consumers in getting access to essential services, including access to relevant consumer protections and supports, and ongoing delivery of the vulnerability strategy.	We have implemented 30 of the 33 actions we committed to undertake in the strategy. A detailed progress report was released in October 2023, and our final progress report was released in August 2024. Both are available on our website: <www.esc.vic.gov.au>
Conduct ongoing monitoring of the activities of the Port of Melbourne, including functions as part of the requirements of the <i>Port Management Act 1995</i> , which are consistent with the commission's objective to promote the long-term interests of Victorian consumers.	In July 2024, we published our 2024 Interim Commentary on the Port of Melbourne's 2024–25 Tariff Compliance Statement. The Commentary found minor issues in relation to pricing matters for the 2024–25 period and acknowledged that the Port is engaging in a more open and collaborative manner with its stakeholders. We issued a certificate to the Port of Melbourne in January 2025 on its Bonafide Competitive Tender Process in relation to a lease at 90–98 Coode Rd. The certificate set out the Port's process was compliant with the Tenancy Customer Charter. We submitted our report on the 2025 Port Market Rent Inquiry to the Minister for Finance in April 2025, which was tabled in Parliament in June 2025. The report found that the Port of Melbourne did not misuse its power in the setting of rents and associated payments over the period 2019 to 2024. We also made observations for the Port of Melbourne to consider, which could improve the efficiency of the lease negotiation process.

Appendix D: Further information required under the Essential Services Commission Regulations 2021

Price determinations made under the Essential Services Commission Act

The following price determinations were made under section 33 of the Essential Services Commission Act in the 2024–25 financial year:

- Determination of Maximum Charges for Unbooked Commercial Passenger Vehicle Services (from 23 September 2024): 14 August 2024.
- Determination of Maximum Non-Cash Payment Surcharges for Taxis (from 23 September 2024): 14 August 2024.
- Victorian Default Offer Price Determination 2025–26 (1 July 2025 to 30 June 2026): 26 May 2025.

Third-party access regime determinations under the Essential Services Commission Act

The commission did not make any third-party access regime determinations under Part 3A of the Essential Services Commission Act during 2024–25.

Inquiries conducted under the Essential Services Commission Act

There were no inquiries conducted under the Essential Services Commission Act in 2024–25.

Proceeding for a contravention order under the Essential Services Commission Act that were finalised

Proceedings against Origin Energy Electricity Limited and Origin Energy (Vic) Pty Ltd were finalised on 27 March 2025.

Proceedings against Sumo Power Pty Ltd and Sumo Gas Pty Ltd were finalised on 6 December 2024.

Disclosures of information or the contents of documents under section 60C(3) of the Essential Services Commission Act

There were no disclosures of information or the contents of documents under section 60C of the Essential Services Commission Act during 2024–25.

Notices issued under section 36 of the Essential Services Commission Act

Section 36 of the Essential Services Commission Act empowers us to obtain information or documents that may assist in the performance of our functions or exercise of our powers. Thirty-four (34) notices were issued under section 36 during 2024–25.

These notices were issued to regulated entities for the purposes of the commission performing its functions under:

- Section 10(b) of the Essential Services Commission Act, to advise the Minister on matters relating to the economic regulation of regulated industries, including reliability issues.
- Section 10(da) of the Essential Services Commission Act to, relevantly, amend codes of practice.

- Section 10AAA of the Essential Services Commission Act, to publicly report on, relevantly, the performance of a regulated industry.
- Section 10AA(a) of the Essential Services Commission Act, to monitor and report on compliance by persons with, relevantly, relevant legislation.
- Section 10AAB of the Essential Services Commission Act, to monitor and report on the competitiveness and efficiency of the Victorian retail markets for electricity.
- To inform the commission's Victorian Default Offer price determinations made under an Order in Council issued under s13(1) of the *Electricity Industry Act 2000*.
- To administer the Retailer of Last Resort framework under Division 8 Part 2 of the *Electricity Industry Act 2000* and Division 6 Part 3 of the *Gas Industry Act 2000*.
- To gather information for the 2025 Port of Melbourne market rent inquiry for the purposes of the commission performing its functions under section 53 of the *Port Management Act 1995*.

Notices issued under section 37 of the Essential Services Commission Act

Section 37 of the Essential Services Commission Act empowers us to obtain information or documents in relation to a matter that constitutes, or may constitute, a contravention of an essential services requirement. 'Essential services requirements' include legislative requirements and (for example in the Electricity Industry Act or Gas Industry Act), licence conditions and provisions of codes of practice.

The commission issued 19 notices under section 37 during 2024–25. These notices were issued to energy retailers for the purpose of performing the commission's functions to investigate contraventions or possible contraventions of essential services requirements.

Proceedings commenced to challenge the validity of information gathering notices

There were no proceedings commenced to challenge the validity of information gathering notices during 2024–25.

Number of entries onto premises by an inspector under section 39P of the Essential Services Commission Act

There were no entries onto premises under section 39P of the Essential Services Commission Act during 2024–25.

Number of search warrants issued under section 39S of the Essential Services Commission Act

There were no search warrants issued under section 39S of the Essential Services Commission Act during 2024–25.

Summary of complaints received in relation to regulated entities and the Victorian Energy Upgrades program

For 2024–25, the commission received 432 enquiries and 224 complaints from energy consumers in relation to energy and regulated entities. These included complaints about retailers' billing, offers and tariffs, distributors' Guaranteed Service Levels and registration of embedded networks. We dealt with these complaints within 10 business days of receipt by responding to customers directly or by referring them to other areas within the commission or to an appropriate external agency, for example, the Energy and Water

Ombudsman Victoria which is set up to resolve individual complaints. We also use the intelligence gathered from energy enquiries within our broader compliance and enforcement work.

Of the total number of enquiries received, 33 enquiries were about solar feed-in tariffs. The majority of these were customers dissatisfied with the reduction in the feed-in tariffs over the year and the reasons why the commission made this decision. There were also questions about why feed-in tariffs did not match retailers' market offer tariffs. Enquiries were responded to predominantly via email, with a select group of customers requesting a phone discussion.

We also referred customers to our website for information on feed-in tariffs generally, our video explainers, and the formal decision documents outlining the reasons for our decisions.

The commission received 46 enquiries related to the local government sector. Most of these enquires related to increases in rates for ratepayers compared to the rate cap; increases in council charges for waste services; council compliance with the rate cap; council higher cap applications and questions about how rate capping works. We aim to respond as quickly as we can and generally within 10 days.

The commission received 156 complaints from water consumers. The complaints were mostly about retailers' prices and service with responses prepared by staff with expertise in customer service, water pricing, or expenditure, and input from legal specialists on matters relating to water law. Most complaints about water businesses were referred to the Energy and Water Ombudsman. We aim to respond to all complaints within 10 days.

The commission received 1,297 complaints from Victorian Energy Upgrades consumers in 2024–25. These included complaints about installer conduct (for example, in relation to incomplete installation work, property damage, or methods for lead generation); and product issues (for example, inferior quality products, or products not installed correctly). The average time to provide a first response to complaints in 2024–25 was two days.

We dealt with these complaints by holding accredited persons to account for their dispute resolution obligations under the program rules to support positive outcomes for consumers. Where necessary we refer matters to other bodies (for example, Consumer Affairs Victoria or the Australian Communications and Media Authority). We also conducted investigations based on intelligence received from consumer complaints regarding non-compliant program activity by installers and accredited providers.

The number of times the commission commenced proceedings for a contravention order under the Essential Services Commission Act

The commission did not commence any proceeding for a contravention order under the Essential Services Commission Act during 2024–25.

Applications for review made to VCAT under section 55 of the Essential Services Commission Act

No appeal or application for a review of a requirement, decision or determination of the commission was lodged under section 55 of the Essential Services Commission Act during 2024–25.

Applications for price determination review made under section 33 of the Essential Services Commission Act

An appeal to the Goulburn-Murray Water 2024–2028 determination was made under section 33 of the Essential Services Commission Act during 2024–25 in relation to the tariffs which Goulburn-Murray Water may impose for prescribed services for the period of 1 July 2024 to 30 June 2028.

Appendix E: Integrity and accountability

Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* (the Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies.

The Act:

- provides protection to people who make disclosures in accordance with the Act
- establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

We do not tolerate improper conduct or reprisals against those who come forward to disclose such conduct. We are committed to ensuring transparency and accountability in administrative and management practices and support the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

We will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. We will also afford natural justice to the person who is the subject of the disclosure to the extent that is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by us or any of our employees may be made to the Independent Broad-Based Anti-Corruption Commission:

Level 1, North Tower, 459 Collins Street

Melbourne, VIC 3000

Phone: 1300 735 135

[Internet](http://www.ibac.vic.gov.au): <www.ibac.vic.gov.au>

Email: see the Independent Broad-Based Anti-Corruption Commission website for their secure email disclosure process, which also provides for anonymous disclosures.

More information

You can request our protected disclosure procedures for the protection of persons from detrimental action by us or any of our employees and/or officers. This request can be made by [emailing](mailto:reception@esc.vic.gov.au) <reception@esc.vic.gov.au>.

Freedom of information

The *Freedom of Information Act 1982* (Vic) allows the public a right of access to some documents held by the commission. The purpose of the Freedom of Information Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies, such as the commission, who are subject to the Act.

We hold several categories of documents:

- internal administrative and operational documents
- internal policy and procedural documents
- documents about developing and implementing policy and legislation

- documents obtained or created in the course of conducting investigations or making enquiries, or conducting reviews
- human resources documents
- financial records.

An applicant has a right to apply for access to documents held by the commission. This comprises documents both created by the commission or supplied to the commission by an external organisation or individual. This may include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

The Freedom of Information Act allows the commission to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include:

- cabinet documents
- some internal working documents
- law enforcement documents
- documents covered by legal professional privilege such as legal advice
- personal information about other people
- information provided to us in confidence.

If an applicant is not satisfied by a decision made by the commission, under section 49A of the Freedom of Information Act, they have the right to seek a review by the Office of the Victorian Information Commissioner within 28 days of receiving a decision letter.

Making a request

An application fee may apply. Access charges may also be payable if the document pool is large and the search for material is time-consuming.

Access to documents can also be obtained through a written request to:

Privacy Officer
Essential Services Commission
Level 8, 570 Bourke Street Melbourne, Vic 3000
[Email: <privacy@esc.vic.gov.au>](mailto:privacy@esc.vic.gov.au)

When making a freedom of information (FOI) request, applicants should ensure requests are in writing and clearly identify what types of material/documents are being sought.

Freedom of information statistics and timeliness

During 2024–25, the commission received five FOI applications. All these requests were from the general public.

The commission made eight FOI decisions during the 12 months ended 30 June 2025. Of the decisions made, three related to the previous financial year.

All eight decisions were made within the relevant statutory time periods. Of the total decisions made, two granted access to documents in full, three granted access in part, one had no applicable documents, and two denied access in full. The average number of days to decide the eight applications was 38 days.

During 2024–25, seven of the FOI decisions made by the commission have been requested to be reviewed by the Office of the Victorian Information Commissioner (OVIC). OVIC has completed a review of one

decision and six decisions remain with OVIC for decision. Of these requests, three relate to FOI applications received by the commission in the previous financial year.

More information

Further information on the operation and scope of freedom of information can be obtained from the Freedom of Information Act and through the [Office of the Victorian Information Commissioner website](#): <ovic.vic.gov.au>.

Reports, publications and informal requests

Details about our reports and publications can be found on [our website](#) at <www.esc.vic.gov.au>.

Subject to the provisions of the Freedom of Information Act, additional reporting information has been retained and is available on request.

Requests may be directed to:

Essential Services Commission
Level 8, 570 Bourke Street, Melbourne, Vic 3000
Telephone: (03) 9032 1300 or 1300 664 969
[Email](#): <communication@esc.vic.gov.au>

Appendix F: Victorian Energy Upgrades 2024 reporting

The *Victorian Energy Efficiency Target Act 2007* (VEET Act) established the VEET scheme, known as the Victorian Energy Upgrades (VEU) program. The VEET Act gave the Essential Services Commission responsibility for a range of functions to support the operation of the VEU program, which commenced on 1 January 2009.

This appendix is published to meet the commission’s statutory reporting requirements under sections 7(3) and 67 of the VEET Act. This includes publishing data related to:

- the number of Victorian energy efficiency certificates (VEECs) created in a particular year
- the number of VEECs surrendered in a particular year
- information about any VEEC shortfalls for that particular year.

For the 2024 calendar year (1 January to 31 December 2024), information about VEECs created and surrendered by accredited persons is presented in the table below.

Table: VEECs created and surrendered by accredited persons in 2024

Required statutory information	Number
VEECs created in 2024 (1 January to 31 December)	4,911,538
VEECs surrendered by accredited persons in 2024 (1 January to 31 December)	2,833

Some information will be reported separately in 2025

The commission granted extensions to relevant entities for the submission of their annual energy acquisition statements and surrender of VEECs to meet their obligations for 2024. At the time of preparation of this report, the commission was finalising the assessment of VEEC surrenders and shortfalls. We will publish information relating to energy retailer compliance, including information on VEEC shortfalls and VEECs surrendered, at a later date following our review of these retailers’ submitted annual energy acquisition statements and VEECs surrendered.

Information reported separately in 2024

The commission previously granted extensions to a number of relevant entities for the submission of their annual energy acquisition statements and surrender of VEECs to meet their obligations for 2023. Information relating to energy retailer compliance was published in the *Victorian Energy Market Report: Annual 2024* on 29 November 2024 and is reproduced below.

Compliance details	Total
Energy retailers identified as relevant entities under the VEET Act	31
Number of relevant entities that surrendered VEECs for the 2023 compliance year	29
Number of relevant entities that surrendered sufficient VEECs to meet their annual liability	28
Number of relevant entities that had a VEEC shortfall	3
Number of VEECs surrendered by relevant entities for the 2023 compliance year	6,365,710

Compliance details	Total
Amount of energy efficiency certificate shortfalls by entity	
IPower 2 Pty Ltd & IPower Pty Ltd trading in partnership as Engie	310,991
Iberdrola Australia Holdings Pty Ltd	10,542
Iberdrola Australia Energy Markets Pty Ltd ¹³	10,053
Total	331,586

¹³ The energy licence for Iberdrola Australia Holdings Pty Ltd was transferred to Iberdrola Australia Energy Markets Pty Limited on 28 May 2023, with effect from July 2023.

Glossary

Term	Definition
Australian Energy Regulator	An independent entity established by section 44AE of the <i>Competition and Consumer Act 2010</i> (Cth). The Australian Energy Regulator enforces: the laws for the National Electricity Market and spot gas markets in southern and eastern Victoria; the electricity networks and covered gas pipelines in all jurisdictions except Western Australia; and the National Energy Retail Law.
Best (energy) offer	The 'best offer' is based on how much energy a customer has used over the past year and may be less than the independently set Victorian Default Offer. Energy companies must provide information to consumers about best offers in accordance with the Energy Retail Code of Practice.
Consumer Affairs Victoria	A unit of the Victorian Government's Department of Government Services, which supports Victorians in being responsible and informed businesses and consumers.
Embedded network	A distribution system connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid and which is owned, controlled or operated by a person who is not a network service provider. Many Victorians get their electricity through an embedded network, such as those in apartment buildings and caravan parks.
Energy and Water Ombudsman Victoria	A body corporate that operates a customer dispute resolution scheme that is a free (for consumers) and independent service that resolves disputes between Victorians and their energy (gas and electricity) and water companies.
Energy Retail Code of Practice	A code that sets out the rules electricity and gas retailers must follow when selling energy to Victorian customers.
Essential Services Commission	We are an independent regulator established under the Essential Services Commission Act that promotes the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services. We regulate Victoria's energy, water and transport sectors, administer the rate-capping system for the local government sector, and regulate the Victorian Energy Upgrades program.
Fair Go Rates system	The Victorian Government's Fair Go Rates system establishes rate caps to limit the amount by which Victorian local councils can increase rates in a year without seeking additional approval. Each year, the Minister for Local Government sets the average rate cap – that is, the maximum percentage increase in councils' average rates for the forthcoming financial year. If any council considers the average rate cap increase to be insufficient for its needs, the council can apply to the Essential Services Commission for a higher percentage.
Higher rate cap application	An application where a local council asks for a rate increase above the cap set by the Minister for Local Government. Councils submit their applications to the commission; we then assess and accept or reject the applications (see Fair Go Rates system).
Higher council rate cap	The maximum amount a council can increase general rates and municipal charges. The cap is set by the Minister for Local Government and can apply to all councils, a group of councils or a single council (see Fair Go Rates system).
Minimum feed-in tariffs	Minimum feed-in tariffs are payments that energy companies must pay customers who feed energy back into the grid through sources such as solar panels.

Term	Definition
Non-cash payment surcharge	The additional charge a customer bears when paying for a taxi trip by means other than cash. The surcharge is applied when a taxi passenger pays for a fare using non-cash payment transaction options, including credit, debit and charge card. Payment processors are the entities which provide this service.
Payment Difficulty Framework	A set of energy rules introduced by the commission in 2019 to better support residential customers experiencing payment difficulty.
PREMO	A water pricing framework which aims to put customers at the centre of a water business's decision making through incentives focused on five elements: performance, risk, engagement, management and outcomes.
Retailer of Last Resort	The Retailer of Last Resort scheme is a legislative framework designed to protect consumers when their energy retailer goes out of business. It transfers customers of failed retailers to new providers to make sure that their energy service continues.
Tariff	A list or table showing the costs (prices) of a service or item. The tariffs the commission regulates include water tariffs; the minimum feed-in tariffs for solar customers; and Port of Melbourne 'port user' tariffs.
Utility Relief Grant Scheme	A Victorian Government grant which provides help to eligible customers to pay a mains electricity, gas or water bill that is overdue due to a temporary financial crisis.
Victorian Default Offer	A simple and trusted electricity price that is set by the Essential Services Commission, not energy companies. The Victorian Default Offer provides all Victorian households and small businesses access to a fair electricity deal, including those who are unable or unwilling to engage in the retail market.
Victorian energy efficiency certificates	Electronic VEECs which are created when energy efficient products and services are made available to homes and businesses under the Victorian Energy Upgrades program. Each VEEC represents one tonne of greenhouse gas emissions reduction (CO ₂ -e). Large energy retailers are required to acquire and surrender a certain number of VEECs each year.
Victorian Energy Upgrades program	A Victorian Government energy efficiency initiative that helps Victorians reduce their energy bills and greenhouse gas emissions by providing access to discounted energy efficient products and services. The program also encourages investment, employment and innovation in industries that supply these products and services. The program operates under the Victorian Energy Efficiency Target Act.



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