



# Work program 2022–23

Essential Services Commission



## **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.

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# Work program 2022–23

We are pleased to present the summary of our annual operational plan.

The plan outlines our key priorities for the year in the context of a three-year strategy describing the key environmental factors, opportunities and risks affecting our work. It identifies key projects for the year as well as indicative timeframes for the release of public reports and decisions.

**Our vision: Better essential services for Victorian communities**

## Our changing environment

The regulatory space is evolving, presenting us with several challenges and opportunities over the next three years.



Regulators are increasingly being challenged to take effective and appropriate enforcement action. Recent legislative reforms will enable us to take a broader range of compliance and enforcement actions.



The economic and fiscal environment has changed as we emerge from the COVID-19 pandemic, resulting in increased cost of living pressures on consumers, stress on supply chains, low unemployment and fiscal constraints on government.



Climate change and the increased frequency and intensity of extreme weather is driving demand for greater energy efficiency and innovation and putting greater demands on infrastructure.



The increasing use of data and knowledge is driving changes to technology requirements, information security, privacy considerations and decision-making.



Understanding how our role affects customers experiencing vulnerability has become critical to our work in promoting the long-term interests of Victorians.



The energy market is transitioning as Victoria moves to net zero by 2050. Significant investments in transmission networks and renewable energy are being fast-tracked to meet governments' climate goals.

# Our three-year strategy

To achieve our purpose, and respond to the changing external context, we will focus on four goals:

## 1 We will be a strong and fair regulator

To increase trust that we will deliver in the best interests of consumers we will:

- hold regulated businesses to account, and deter behaviour that is not consistent with the rules we administer
- promote behaviour in the best interests of consumers
- make use of all the powers available to us in our legislation.

## 2 We will be an active regulator

To continue to respond effectively to the changing environment and solve real problems we will:

- engage with the community and stakeholders to understand their needs and expectations
- use data sources and intelligence to assess what is happening in regulated sectors
- continuously improve our regulatory processes and reform our codes
- look for ways to proactively solve issues
- break down barriers to consumers accessing essential services.

## 3 We will create incentives for regulated businesses to provide value for customers

To ensure regulated businesses deliver value for customers we will:

- ensure our regulatory frameworks and practices are designed to create effective relationships between those who deliver essential services and their customers
- create incentives for regulated businesses and markets to have strong governance, systems and culture
- promote transparency and accountability for and in regulated businesses
- hold events and campaigns to inform consumers about their rights.

## 4 We will deliver value to Victorian consumers

To enable us to deliver our services effectively and efficiently we will:

- prioritise to ensure resources are focused on the areas that deliver the most value
- be innovative in our delivery of projects
- have a clear understanding of our effectiveness
- make quality and timely decisions.

## Creating the right culture, systems and processes

We will ensure our business processes are set up to support us in achieving our goals. Our focus areas that enable us to succeed are outlined below.



### Effective processes for engaging with stakeholders

Effective engagement and building trust with the community, regulated businesses and other stakeholders is critical for all aspects of our regulatory process.

We will:

- ensure our engagement approaches are inclusive
- listen and learn to continue to adapt our engagement processes
- use a range of methods for stakeholders to contribute meaningfully to our work.



### Effective data, evidence and information management

All our goals require us to effectively manage data and information associated with cases, evidence and analysis.

We will:

- ensure our information management is appropriately designed and integrated
- build our data analysis capability to enable the effective use of data
- make better decisions based on data, knowledge and information.



### People with the right mix of skills and knowledge

As we reform the different core processes that deliver outcomes for customers, we need to ensure that we have the right mix of people to get the job done.

We will:

- undertake ongoing assessment of the range of skills and knowledge required to deliver the benefits associated with our new functions
- ensure that everyone is given the opportunity to display and develop leadership
- review our policies and procedures that allow us to attract and retain the best people.



### A workplace that promotes diversity, inclusion and flexibility

To deliver on our goals we must attract the best talent, and provide a modern, safe and supportive workplace for our people. To achieve this we will:

- build a flexible environment where all employees work at their best
- have a clear pathway for diversity and inclusion at the commission
- deploy technology that supports new ways of working.

## Our 2022–23 priorities

Each division has developed its 2022–23 operational plan to align with the goals and priorities of the 3-year strategy and meet the requirements of the Statement of Expectations issued by the Assistant Treasurer.

All our work is geared toward promoting the long-term interests of Victorian consumers, having regard to the price, quality and reliability of essential services as required by our overarching legislation – the Essential Services Commission Act 2011.



### Energy

We will:

- take enforcement and compliance action to ensure Victoria’s energy laws are adhered to, and develop our processes and procedures in respect of the new laws that will govern the commission and Victoria’s energy sector
- process pending licence applications, with decisions being made in line with our legislative framework, and assess new applications in a timely way
- provide strategic insights into the energy market (by using intelligence effectively and undertaking expert analysis) - and be recognised as a credible contributor to regulatory and policy issues facing the energy sector
- remake and amend codes of practice as subordinate legislative instruments – including the Energy Retail Code of Practice and finalising the Electricity Distribution Code of Practice
- review the implementation of the payment difficulty framework.



### Victorian Energy Upgrades

We will:

- plan and resource to effectively implement the VEET Act review outcomes and expansion of program activities
- maintain and update our existing Victorian Energy Upgrades IT registry system whilst progressing the development of a new IT system
- strengthen our risk-based compliance and enforcement approach in delivering our regulatory functions
- embed engagement with stakeholders in our operational decision making and in planning for program reform and expansion.



## Price monitoring and regulation

We will:

- conduct 14 water price reviews and approve maximum water prices, which will continued transparent and fair water prices
- revise our water industry performance standard to better protect Victorians.
- set the Victorian Default offer, which will continue to provide a fair price for Victorian electricity consumers
- Set the minimum feed in tariff, so electricity customers receive appropriate compensation for their solar exports
- publish performance reports on water and our annual compliance report in local government to inform Victorians of the services they are receiving and compliance with the rate cap and our biennial local government outcomes report



## Organisational performance

We will:

- enable divisions to achieve their goals, by being a trusted and expert source of corporate services
- ensure that our projects, initiatives and business-as-usual activities will enable the organisation to deliver their regulatory outcomes, with a focus on continuous improvement
- contribute a series of enabling activities to achieve the organisational goal of effective and efficient service delivery.



## Strategic communication

We will:

- develop strategic relationships with key groups who are aligned or integral to achieving our organisational objectives
- support and promote our Getting to Fair strategy objectives through our communication and engagement outreaches
- focus on timely, transparent and clear communications to tell the stories that drive our work and our decisions
- focus on digital accessibility of our content and reaching new audiences by expanding use of our social media channels.

2023

Jan

Feb

Mar

Apr

May

Jun

Energy

Victorian Energy Upgrades

Price monitoring and regulation

Ongoing work program includes review and amendment of relevant documentation, guidelines and application forms. For the latest versions see [www.esc.vic.gov.au](http://www.esc.vic.gov.au)

Victorian energy market report

Greenfields connections customer service standards final decision

Gas Distribution System Code of Practice (GDSCOP) review issues paper

Consultation – Space heating and cooling, water heating guidance for sizing and decommissioning

Water Annual Performance Report released

Victorian Default Offer draft decision

Quarterly water customer perception survey published

Feed in tariff final decision

Water price reviews – draft decision

New water industry performance standards commence. Customer charters approved

Review of the effectiveness of family violence provisions in water customer service codes

Land Access Code of Practice draft decision

Victorian energy market report

Consultation – accreditation reforms

Victorian Energy Upgrades Performance Report published

New activities commence – space heating and cooling, water heating and home energy rating assessment

Provide advice on Ministerial guidelines to assist ratepayers in financial hardship

Water price reviews – final decision

Victorian Default Offer final decision

Local government outcomes report

Assess local government rate cap applications

Quarterly water customer perception survey published