

ESC Energy retail code of practice

Flow Power submission

June 2025





About Flow Power

Flow Power is an electricity retailer that works with energy customers throughout the National Electricity Market (NEM). Together with our customers, Flow Power is committed to our vision of creating Australia's renewable future.

We empower customers to take meaningful action. By providing energy knowledge and innovative technology, we are delivering smarter ways to connect customers to clean energy to make our renewable future a reality. We provide our customers with:

- + Engineering support, access to live data and transparent retail tariffs that reward demand flexibility and encourage electricity usage at times of plentiful renewable output.
- + Hardware solutions that equip customers with greater information, visibility and control over energy use.
- + Access to renewable energy, either through distributed solar and storage installed on site, or through a power purchase agreement with utility-scale wind and solar farms.

We believe that by equipping customers with these tools, we can lower costs for all energy users and support the transition to a renewable future.

Introduction

We appreciate the opportunity to provide feedback on the ESC's proposed amendments to the Energy Retail Code of Practice. We are supportive of the ESC's objective to improve access and fairness in the Victorian energy market, particularly for vulnerable consumers. As a new and innovative energy retailer, we are developing and delivering products that engage consumers with the wholesale electricity market, encourage demand-side participation, and integrate customer energy resources (CER) such as smart EV charging, solar PV, and batteries. These market-linked offerings empower customers to actively manage their energy use and benefit from a decarbonising grid. The energy transition will require consideration from regulators on how to provide for fairness in the retail electricity market without creating an imbalance of regulation that has the effect of restricting innovation.

Proposed billing requirements for Market Offers

We do not support the proposal to require all market offers to make communication by post (include paper billing) and offline payment options, for the following reasons:

1. It would create challenges for market innovation

Flow Power customers sign up to our market offers because they value price signals, real-time visibility, and digital interactions. Our retail plans aim to grow the proportion of the market who have some engagement with the energy transition by connecting them through to the wholesale electricity market

and encouraging greater energy use in times of lower wholesale prices and higher renewable generation. While we offer non-digital payment options for customers on standing offers, these customers represent a very small proportion of our current and forecast customer base. It is manageable for us to offer different payment arrangements for these customers, but the costs of offering this across our entire customer base (i.e. including the market offer customers) would impose a significantly higher cost burden.

2. Disproportionate burden on smaller retailers

The costs of setting up, maintaining, and securely managing paper communications (including billing systems) are not trivial, especially for smaller or newer retailers. Larger incumbent retailers already serve high numbers of customers on standard retail contracts and are more likely to have legacy paper systems. In contrast, new entrant retailers like Flow Power would incur a much higher per-customer compliance cost. The net effect would be a reduction in innovation in the retail market in Victoria.

To assist with the ESC's consideration of the impact on smaller retailers, we've estimated the direct costs impact of meeting this new requirement. We would expect that, under the current proposal, Flow Power would need to set up processes and resources dedicated to providing options to customers when our customer numbers exceeded 5,000. At this point, even 1% opt-in to paper communications would be difficult to manage with only manual workarounds.

An automated system would require some combination of additional resourcing internally, an external mailhouse and work to integrate the external mailhouse into our billing systems. Depending on the final scope and availability of external contractors, we've estimated that this would cost between \$70,000 and \$150,000.

While we note the ESC have provisioned for retailers to charge customers a reasonable fee for accessing non-electronic comms, we expect this would be tied to the marginal costs of offering paper communications. It would not allow Flow Power to recover the sunk costs of setting up these systems. As a result, we expect we would need to recover these costs across our broader customer base, which will effectively decrease the competitiveness of Flow Power's and other new entrant's retail offers. The competitive landscape will be skewed because the larger retailers who have much larger numbers of customers on standing offers will already have systems in place and won't be incurring these significant new set up costs.

3. Limited relevance for vast majority of Flow Power customers

Our market offers are designed for customers engaged with the wholesale electricity market. We design these products for customers who actively choose to participate in dynamic pricing or demand response. We have over 2,000 residential customers and have not received a request for paper billing or communications. To the extent that there is a small proportion of customers with Flow Power who would prefer a paper billing option, they would be able to request a change to our standing offer. However, it is much more likely that they would churn away to a larger retailer that offers them *both* a simpler product and a non-digital payment options.

Alternative approach: tiered threshold

To meet the ESC's objectives balanced against a framework that supports new entrant retailers to develop and offer products, we propose a proportional approach that would limit the requirement to retailers with a significant customer base (e.g., >60,000 residential customers, or a threshold based on market share or VDO exposure).

Conclusion

We strongly support reforms that reduce customer vulnerability and improve trust in the energy market. However, requiring an option for paper billing across all market offers risks suppressing innovation and deterring entry of new, agile retailers offering value through digital engagement and demand-side participation.

We urge the ESC to consider a threshold-based or graduated compliance model, which protects customers at risk of exclusion while enabling competitive diversity and innovation to thrive.

If you have any queries about this submission, please contact me on [REDACTED] or at [REDACTED]

Yours sincerely,

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Flow Power