



Submission on the Energy Consumer Reforms - Regulatory Impact Statement

to The Essential Services Commission (ESC)

Closing date for submissions: 26 June 2025

Lighter Footprints welcomes the opportunity to make a submission on the Energy Consumer Reforms - Regulatory Impact Statement.

Lighter Footprints is a community-based group that lobbies Australian local, state and national decision makers to take the action necessary to halt global warming as a matter of urgency. We advocate a speedy transition away from fossil fuels. We believe that this is necessary both to reduce emissions and to avoid unnecessary development of new fossil gas resources.

For over a decade, we have educated, advocated and brought people together in Boroondara and surrounding suburbs to inform the community and promote a clean energy future. We have 3,500 people on our mailing list.

Background

We understand that the current world is more complex than the old world and that further change will be necessary. We believe that the changes should be managed in such a way that does not disadvantage vulnerable or non IT-Literate customers.

We understand that freedom of choice is important for consumers in this changing world and we acknowledge that many consumers have benefitted greatly from being able to choose retailer.

However, we must also acknowledge that consumers must regularly check their tariffs against alternatives if they are to maximise the benefit of freedom of choice. Those who do not monitor their tariffs regularly, either because they do not understand the importance of this task or they find the on-line interaction challenging, may well be worse off than before. The day of relying on a state-owned retailer to keep them on a fair tariff are now long gone. Unfortunately, this has resulted in a number of vulnerable customers also being customers who are paying high tariffs.

We support the work of the ESC to make it easier for this group to move to better tariffs.

However, there are still fundamental issues regarding how the retail market works and we feel that further changes should be made. One important change that we would recommend is that a retail tariff should not be changed within 12 months of new customers signing up to that tariff. The fear that moving to a new retailer could be more costly than planned is one reason why customers are unwilling to make changes.

Our analysis

The ESC has presented its proposals in its Regulatory Impact Statement under a number of headings and we will present our discussion and recommendations using the same structure.

Automatic best offer for customers experiencing payment difficulty

We understand the wish to transfer customers experiencing payment difficulty onto the best offer from their retailer. Ideally, we would go further and transfer to the best offer in the market. However, there are a number of practicalities to be taken into account:

- The automatic transfer of customers experiencing payment difficulties to another retailer could create numerous problems such as:
 - Retailers with high tariffs being able to get rid of customers that get into difficulty
 - Retailers with best offers being unwilling to take on customers with payment difficulties
 - Customers being unwilling to adopt change when they have issues.**For this reason, we do not recommend this transfer.**
- The automatic transfer of customers experiencing payment difficulties onto the best offer from that retailer.
 - We understand that retailers will be communicating with customers experiencing payment difficulties and we believe that they should be mandated to put this to customers as part of their initial contact with those customers. There may be customers who do not want to change possibly because:
 - They are overwhelmed by their current problems and cannot cope with more change
 - They have packages that include other benefits that they do not want to lose (eg movie tickets, internet).**For this reason we recommend that retailers should have an obligation to put this transfer to the best offer to the customers experiencing difficulties and must transfer those customers unless the customers explicitly opt out of the transfer.**
- The automatic transfer of Customers in arrears for at least three months and with arrears of \$1,000 or more (who are not receiving tailored assistance).
 - We understand that requiring retailers to modify systems to track these customers on a continuous basis could be expensive with the cost eventually being borne by customers.
 - We believe that most customers with arrears of \$1,000 will already have been captured as customers experiencing payment difficulties (above).**We recommend that retailers should have an obligation to automatically transfer customers in arrears for at least three months and with arrears of \$1,000 or more to their best offer unless they explicitly opt out of the transfer.**

Lighter Footprints Energy Transition Group Convenor:

David Strang

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Improving access to cheaper offers

While we understand the wish to improve access to cheaper offers we would not like to see these offers disappear because this requirement might cause a retailer to make fundamental changes to its business model.

Unfortunately, we do not have sufficient knowledge of retailer business models and so we will not make any recommendations regarding this change although **we recommend that the ESC consults further with retailers before implementing this change.**

Improving the ability to switch to the best offer

We believe that it is important that customers can easily transfer to a retailer's best offer. We support the ESC proposals.

Protections for customers paying higher prices

We support the ESC proposals.

Improving the application of concessions on bills

We support the ESC proposals.

Extending protections for customers on legacy contracts

We support the ESC proposals.

Improving awareness of independent dispute resolution services

We believe that including the telephone number of the Energy and Water Ombudsman Victoria on the front page of a bill would be a minor change that would assist consumers. We support this change.

Increasing best offer and debt-disconnection thresholds

While the new thresholds appear reasonable, we are not in a position to form an opinion on these proposed changes.

Recommendations

In most cases we find ourselves in agreement with the ESC or we are not in a position to express an opinion on the ESC proposals.

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Where we do have recommendations that differ even slightly from the ESC's proposed policies, we set them out below:

Recommendation 1

We recommend that retailers should have an obligation to put a transfer to their best offer to customers experiencing difficulties at the first available opportunity and must transfer those customers unless the customers explicitly opt out of the transfer.

Recommendation 2

We recommend that retailers should have an obligation to automatically transfer customers in arrears for at least three months and with arrears of \$1,000 or more to their best offer unless they explicitly opt out of the transfer.

Recommendation 3

We recommend that the ESC consults further with retailers before mandating improved access to cheaper offers.

While we understand the wish to improve access to cheaper offers, we would not like to see these offers disappear because this requirement might cause a retailer to make fundamental changes to its business model.

Recommendation 4

We recommend that customers signing up to a new tariff should be protected from changes to that tariff within the following 12 months.

We agree to publication of this submission.

Submission on Activity Centres Program Expansion – Phase 1: Understanding place.


SUBMISSION BY:

Organisation name: Lighter Footprints Inc.
Organisation Position: Convenor, Lighter Footprints Energy Transition Group
Date: 25 June 2025

This submission has been authorised by:



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David Strang 

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