

17 September 2021

Essential Services Commission
Level 8, 570 Bourke St
Melbourne VIC 3000

Lodged via EngageVictoria

Dear Commissioners,

Re: Payment Difficulty Framework review – approach paper

Simply Energy welcomes the opportunity to provide feedback on the Essential Services Commission's (Commission) proposed approach to conducting its review of the payment difficulty framework.

Simply Energy is a leading energy retailer with approximately 750,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

The payment difficulty framework appears to have been effective to date

Simply Energy is pleased that the Commission is not intending to propose major reforms to existing code obligations. The payment difficulty framework came into effect on 1 January 2019 and has effectively only operated for around a year under 'normal' circumstances. In that context, it would have been challenging to reach conclusions about whether the policy should be significantly overhauled.

Retailers incurred significant costs to implement the payment difficulty framework and it should not be significantly altered without strong evidence to do so. At the time of implementation, the Commission estimated that retailers would incur between \$11 and \$18 per customer in upfront costs and ongoing annual costs of up to \$1 per customer.¹

During the height of the uncertainty of the coronavirus pandemic in 2020, the payment difficulty framework appeared to be effective in ensuring that consumers could manage their debts and remain connected to power. By providing a minimum level of protection, the payment difficulty framework enabled retailers to respond to the pandemic and provide support to their customers that went beyond the framework's requirements.

The Victorian Government has a key role to play in addressing payment difficulties

While it is clearly important that the payment difficulty framework is effective, Simply Energy considers that it is critical that the Commission, the Victorian Government, and retailers are all committed to doing their part to support vulnerable consumers. While the payment difficulty framework ensures that vulnerable consumers receive the support they require, the government

¹ Essential Services Commission 2017, Payment difficulty framework: Final decision, 10 October, p. 108

has an important role in addressing the underlying sources of consumers' vulnerability and minimising the number of consumers that experience payment difficulties.

Support from energy retailers should complement any broader government policy action on consumer vulnerabilities. Simply Energy recognises that the Commission has only limited levers to improve outcomes for vulnerable consumers but addressing vulnerability solely through new obligations on industry may not be the most effective solution.

There has not been evidence that any implementation issues are systemic

In relation to whether the implementation of the payment difficulty framework has been effective, Simply Energy has not seen any evidence of systemic compliance issues with the payment difficulty framework. The Energy Retail Code already enables the Commission to address any individual issues of retailer non-compliance.

The Commission published six guidance notes in 2020 on how retailers should interpret aspects of the payment difficulty framework. Simply Energy considers that this may suggest that any issue with inconsistency amongst retailers may be partly due to ambiguity in the initial drafting of the Energy Retail Code requirements.

Concluding remarks

In closing, Simply Energy looks forward to working actively with the Commission during this review to co-design practical improvements to the payment difficulty framework.

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au

Yours sincerely



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