

27 March 2020

Submission to 'changing the back-billing rules for retail energy customers' consultation
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Via engage.vic.gov.au

Re: Changing the back-billing rules for retail energy customers – draft decision

Simply Energy welcomes the opportunity to provide feedback on the draft decision for changing the back-billing rules for retail energy customers. Simply Energy is a leading energy retailer with over 720,000 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 tools to facilitate competition and positive consumer outcomes in the market.

In Simply Energy's submission to the Essential Services Commission (ESC) on the draft decision on 'ensuring energy contracts are clear and fair', Simply Energy agreed with the intent behind the back-billing changes. However, we did not support this change in the form the commission initially proposed. Imposing the change solely on retailers would have the effect of unfairly and unreasonably increasing costs for retailers, where many instances of back-billing are out of the control of retailers.

Draft Decision 1: New back-billing rule for retailers

Simply Energy understands the intent behind the Energy Fairness Plan and that the commission has received terms of reference from the Government to implement the reduced back-billing limit through the Energy Retail Code. Simply Energy has made it clear through its previous submission that the decision to apply this new rule only to retailers would not capture all instances of back-billing that are not the fault of customers.

Simply Energy consider that this package of decisions is the most workable solution to the terms of reference the commission received from the Government and we support the reduction in back-billing, in this form.

Draft Decision 2: New back-billing rule for distributors

Simply Energy strongly supports the commission's draft decision to extend the back-billing rules to distributors. Simply Energy considers this a recognition that the supply chain does not begin and end with retailers and is pleased the commission has taken this draft decision to the benefit of consumers and competition alike.

Harmonisation with the national electricity and gas framework is always preferential and a welcome decision. Simply Energy considers that the commission's draft decision 1 would not be feasible without this draft decision 2.

Draft Decision 3: Commencement date of code amendments

Simply Energy understands that the terms of reference indicated that unless otherwise determined by the Government, the ESC must vary the Energy Retail Code so that these new rules would apply from 1 July 2020.

Simply Energy agrees with the revised effective date of 1 January 2021. While this draft decision was made before the impacts of COVID-19 were and are being felt throughout the industry, this will likely allow sufficient time for resource-constrained businesses to implement the change.

It is unknown at this stage whether the COVID-19 situation could extend into the latter half of 2020. Simply Energy would urge the commission to understand at that time whether both distribution and retail businesses would have the ability to implement a change of this magnitude by January 2021 and consider further delays should they be warranted.

Concluding remarks

For the draft decision on changing the back-billing rules for retail energy customers, Simply Energy agrees with the commission's approach to extending the back-billing rules to distribution businesses. The decision both ensures a greater proportion of the supply chain working to resolve this issue for Victorian consumers, and reasonably allocates risk to those elements of the supply chain that have control over the issue the commission is seeking to address.

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact [REDACTED], Senior Regulatory Adviser, on, telephone, [REDACTED] at [REDACTED]

Yours sincerely



[REDACTED]
General Manager, Regulation
Simply Energy