# Supporting small business energy customers through the coronavirus pandemic – summary of discussion at stakeholder workshop (6 July 2020)

On 6 July 2020, we held a stakeholder workshop on our proposals for temporary small business payment assistance in our draft decision ‘Supporting energy customers through the coronavirus pandemic’. At the workshop, we received feedback from energy retailers and industry bodies, which is summarised below by key themes. The slides presented at the workshop are also available on our website.

## Flexibility of proposed approach

* Most retailers expressed a preference for a flexible approach rather than prescriptive rules on assistance for small business customers.
* Some retailers questioned the benefit of requiring retailers to provide small businesses with similar assistance as provided for residential customers. These retailers suggested that the commission’s proposed approach is not cost effective and retailers should retain the flexibility to tailor their assistance to the individual business customer.
* Some retailers noted that they are currently providing voluntary support to their small business customers and there is limited benefit from introducing new rules that might be inconsistent with the current assistance.
* There was some support for providing small business assistance through an outcomes-based requirement, which would remove the need to have small businesses meet eligibility criteria to access assistance. For example, an objective of any assistance program could be that small business customers pay their bills as soon as possible while remaining solvent.

## Costs of implementing payment assistance for small businesses

* Some retailers noted that prescribing additional assistance beyond that already being provided would involve additional costs for retailers. Specifically, the incremental costs of these proposed reforms may not provide an equivalent benefit.
* One retailer suggested the commission present further evidence on the costs and benefits that support the need for the proposals. Another retailer asked if the commission had data from the ombudsman on issues with retailers’ current voluntary approach to assistance.
* Many retailers stated that there are costs and risks of shifting small business debt onto retailers. Some attendees suggested that if retailers are asked to take on this cash flow disruption that they are compensated through other means (such as, the commission taking into account this additional risk when setting the next Victorian Default Offer tariffs).
* The industry body suggested that the commission’s proposed minimum assistance entitlements go too far. Some retailers expressed that providing two years of assistance was too long and would result in retailers taking on more risk.
* One retailer also questioned whether tariff checks for small businesses are necessary, as small businesses already receive information on the best offer on their energy bills.

## Differences between small business and residential customers

* One retailer noted that small business customers are different to residential customers and to each other – small businesses have much more significant volatility in their energy consumption. Small businesses would be better served by assistance that is tailored on a case-by-case basis and not based on the payment difficulty framework for residential customers.
* One retailer asked the commission to consider distinguishing between hardship and small business assistance, as small businesses experience cash flow issues rather than hardship. The retailer suggested that the commission de-link the payment difficulty framework from any small business assistance.
* Some retailers suggested that the commission’s proposal may potentially mask businesses trading while insolvent, noting as an example that the average life of a small‑medium enterprise is three years, a two‑year payment plan might not be helpful in a fluid and dynamic market.
* One retailer suggested that, in general, small business customers engage with their retailer more often than residential customers. The retailer stated that the commission’s proposed approach may distort the existing relationship between the small business and the retailer.

## Consultation

* One retailer noted that some significant issues were raised at this workshop and the commission should undertake a second round of public consultation after considering these issues. Other attendees echoed the suggestion that the commission present its proposed approach to stakeholders again before making a final decision.

## Implementation

* Some retailers noted that the implementation of small business framework may not be as straight forward as adapting the current processes for residential customers under the payment difficulty framework – it was also noted that some energy retailers only service small business customers.
* Some retailers suggested that the commission consider publishing a statement of expectations, similar to the Australian Energy Regulator’s approach, rather than publishing code changes. As the commission is introducing a temporary measure, a statement of expectations would allow for quick consultation and tweaking as the pandemic evolves and the impact on small businesses becomes better known.
* In terms of how long the assistance should be provided, attendees noted that there is difficulty in deciding the appropriate length of time due to the uncertainty of the pandemic. However, one retailer suggested that the commission include a threshold or explain the evidence required to justify when the assistance program should end.