



Work program 2020–21

Essential Services Commission



An appropriate citation for this paper is:

Essential Services Commission 2020, Work program 2020–21: Essential Services Commission, 1 December

Copyright notice

© Essential Services Commission, 2020



This work, Work program 2020–21, is licensed under a Creative Commons Attribution 4.0 licence [creativecommons.org/licenses/by/4.0/]. You are free to re-use the work under that licence, on the condition that you credit the Essential Services Commission as author, indicate if changes were made and comply with the other licence terms.

The licence does not apply to any brand logo, images or photographs within the publication.

Work program 2020–21

The work program 2020–21 is a summary of our annual operational plan.

The plan outlines our key priorities for the year in the context of a three-year strategy describing the key environmental factors, opportunities and risks affecting our work. It identifies key projects, performance measures and targets for the year as well as indicative timeframes for the release of public reports and decisions.

Changing perspectives: our regulatory environment

The regulatory space is changing

We face several challenges and opportunities over the next three years.



Scepticism about the effectiveness of markets for essential services is driving more interventionist approaches to regulating these markets.



The coronavirus pandemic has had a direct impact on our operating environment, consumers and the businesses we regulate, and has dramatically changed the economic environment.



Climate change and increased frequency and intensity of extreme weather is driving demand for greater energy efficiency and innovation and putting greater demands on infrastructure.



Regulators are increasingly being challenged to take more effective and proportionate enforcement action.



Technology and innovation will continue to disrupt markets and supply chains in ways that hinder the effectiveness of our current regulatory tools.



Understanding vulnerability and how our role impacts marginalised customers has become critical to our work in promoting the long term interests of Victorians.

Our three-year strategy

We've set goals and targets to improve customer outcomes for Victorians over the next three years. They are:

1

We will be a strong and fair regulator who is trusted to deliver what is in the best interests of consumers

We will ensure we are meeting government and public expectations as a strong but fair regulator. We will hold regulated businesses to account, promote behaviour in the best interests of consumers, and deter behaviour inconsistent with the rules we administer.

2

We will be an active and innovative regulator that solves real problems

We will engage with the community about their expectations and their experience of regulated sectors. We will continue to respond to the changing environment by assessing what is happening and thinking about redesigning regulatory processes and reform our codes.

3

Regulated businesses deliver value for customers

We will continue to ensure our regulatory systems and requirements are designed to create effective relationships between those who deliver essential services and their customers. This includes creating incentives for regulated businesses and markets to respond to and engage effectively with customers about the value that they provide.

4

We will deliver regulatory services effectively and efficiently

We will prioritise effectively to ensure resources are focused on the areas that deliver the most value. We will be innovative in our delivery of projects and use all of the skills we have. We have a clear understanding of the effectiveness of what we do and will ensure we have sufficient resources to deliver on our statutory obligations.

Creating the right culture, systems and processes to support our strategy

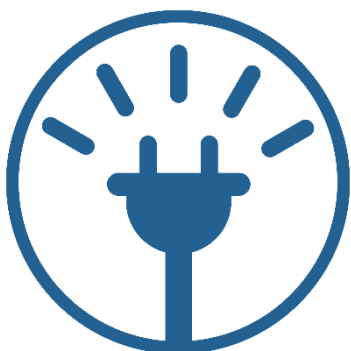
We are committed to creating the right culture, systems and processes to support our strategy by:

- ensuring we have effective systems and processes to support stakeholder engagement
- effective data, evidence and information management for case management and analysis
- hiring and retaining people with the right mix of skills and knowledge
- having workplace systems and processes to promote diversity and flexibility.

Our 2020–21 priorities

Each division has developed its 2020–21 operational plan to align with the goals and priorities of the 3-year strategy and meet the requirements of the Statement of Expectations issued by the Assistant Treasurer.

All our work is geared toward promoting the long-term interests of Victorian consumers, having regard to the price, quality and reliability of essential services as required by our overarching legislation – the Essential Services Commission Act 2011.



Energy

We will:

- strengthen our enforcement capacity and enhance our operational systems and processes to better deliver regulatory services.
 - reform our regulatory operations processes to promote timely, efficient and risk-based outcomes with respect to our licensing and compliance functions.
- upgrade our compliance regulatory information system to support our enforcement, regulatory operations, intelligence and communications teams deliver positive outcomes for consumers.
 - review the performance of our market and regulatory frameworks to ensure they facilitate outcomes that promote the long-term interests of consumers.



Price monitoring and regulation

We will:

- set the Victorian Default offer to establish a fair price for Victorian electricity consumers
 - conduct the waste and recycling review to provide government advice on whether there are benefits to Victorians from establishing economic regulation of recycling services
- approve water price reviews for Melbourne Water to establish fair water prices and service standards for consumers
 - conduct a Port of Melbourne market rent review, which will assess the port's approach to setting rents to ensure customers are not being exploited
 - publish performance reports on water and annual compliance report on local government to inform Victorians about the services they are receiving and compliance with the rate cap.

Victorian Energy Upgrades



We will:

- identify opportunities to improve the framework to continue as a strong and fair regulator in the next phase of the program
- maintain the availability of IT systems while updating the web-based registry environment
- increase support for regulated businesses to comply during emergencies or difficult economic recovery periods.



Organisational performance

We will:

- enable divisions to achieve their goals, by being a trusted source of support services
- enable the organisation to deliver its regulatory outcomes with a focus on our people relationships, budgets, governance and continuous improvement or innovation.



Strategic communication

We will:

- engage directly with new audiences and demonstrate commitment to true dialogue
- demonstrate our expertise and value to stakeholders and the Victorian community
- build our reputation as a leading and effective regulator.

Managing the impact of the coronavirus pandemic

The coronavirus pandemic not only had a significant impact on how we work - with our workforce shifting to working from home in March 2020 – it also affected parts of our work program.

Increased monitoring and reporting of impact on consumers

In 2020, we increased monitoring and reporting of the energy and water sectors to ensure we had a clear view of the impact of the coronavirus pandemic on households and small businesses.

This allowed us to report monthly to the wider community and government about how the pandemic was affecting consumers. We also funded additional consumer research to better understand the experience of consumers.

This additional monitoring, reporting and consumer research will continue throughout 2020–21.

Working closely with businesses and consumer

This added insight into the experience of consumers gave us the opportunity to have an open discussion with businesses and consumer groups about the best ways to respond to the pandemic.

We established regular online forums with the energy and water sectors as well as consumer and community advocates to get firsthand accounts of what was happening on the ground. We also worked closely with accredited providers in the Victoria Energy Upgrade program to ensure the impacts of the pandemic were being managed appropriately.

Updating codes to protect consumers

We made changes to our codes and guidance for water businesses to ensure protections are in place for customers and small businesses. And we updated our energy rules so small businesses had access to hardship support and our water rules were aligned to the national standard.

Laying foundations for the future

While the pandemic delayed some aspects of our work program, it brought a keen focus to other work already on the horizon. We began work on developing a vulnerability strategy which will allow us to better reflect the voices of those experiencing vulnerability in our regulatory processes.

Our vulnerability strategy will identify priority work areas and other actions across our regulatory functions to help ensure all consumers have equitable access to essential services.

Statement of expectations

Every second year we receive a statement of expectations from the Assistant Treasurer that sets out the expectations of our contribution to the Victorian Government’s regulatory reform program. A snapshot summary only of some key activities to deliver on the statement is outlined below.

Summary of activities to deliver our 2020-2022 statement of expectations

Key area	Expectation	Related work program activities
Promoting the development of a low-cost, competitive energy sector	Monitor the market and behaviour of regulated entities.	<p>Publish annual and quarterly reports on the Victorian energy market.</p> <p>Public monthly data and observations about Victorian energy customers during the coronavirus pandemic.</p> <p>Report on the competitiveness and efficiency of the Victorian energy retail market.</p>
	Provide compliance assistance and advice.	Develop and implement new education programs and guidance to better inform the energy industry about their compliance obligations.
	Collaborate with other regulators including Consumer Affairs Victoria, the ACCC and the Australian Energy Regulator.	Establish regular meetings with the Australian Energy Regulator, Consumer Affairs Victoria, ACCC and privacy commissioners by March 2021.
	Take a range of enforcement actions.	Publish strategic compliance and enforcement priorities.
	Develop key performance indicators to track its progress.	Targets will be developed and regularly reported to the Assistant Treasurer

Improving electricity connections for new developments	Work with the Department of Environment, Land, Water and Planning to prioritise reforms to ensure faster and more transparent electricity connections at new Victorian housing developments.	Develop measures to promote timely connections for greenfield sites. Hold regular coordination meetings with DELWP to ensure our regulatory and legislative reforms are aligned.
Regulation of the waste and recycling sector	Work with the Department of Environment, Land, Water and Planning to design and implement the new Waste Act during 2021.	Provided advice to the Minister for Energy, Environment and Climate Change on a regulatory framework for waste and resource recovery sector in October 2020
Timeliness of regulatory processes	Review and improve the energy licensing application processes, framework and public guidance to facilitate appropriate entry into the energy market in Victoria (particularly for energy generation).	Improve information provided to licence applicants through a new guidance note and application form. Develop and implement new education programs and guidance to better inform the energy industry about their compliance obligations.
	Reduce application processing times to increase the capacity of the Victorian Energy Upgrades scheme to handle business forms by 10 per cent.	Continuing to develop an upgraded VEU IT system Target: 90% of accreditation and additional activity applications assessed within processing timeframes.
Risk-based strategies focusing on low income and vulnerable consumers	Improve how the commission considers the benefits of regulation for low income and vulnerable consumers across all regulatory functions.	Develop and publish a vulnerability strategy by June 2021 after extensive consultation with a key stakeholders and consumers
Stakeholder consultation and engagement	Promote community engagement through multiple channels to complete the digital strategy by November 2020.	Publish the digital strategy and commence implementation of recommended priorities. Review online engagement in 2020 to capture the benefit with a view to embedding this learning in future practice.
Role clarity	Review all existing Memoranda of Understanding (MOU) and update as necessary.	A review of all existing MOUs will be undertaken by June 2021, with MOUs updated or removed in consultation with the other parties during 2021.

Calendar 2020–21

Note that all timings, except for legislated dates, are subject to change.

