



5 February 2019

Dr Ron Ben-David
Essential Services Commission
Level 27, 2 Lonsdale Street
Melbourne Victoria 3000

Lodged by email: RetailEnergyReview@esc.vic.gov.au

Dear Dr Ben-David,

Re: Helping customers engage confidently in the retail energy market—Draft Decision

Origin Energy (Origin) welcomes this opportunity to respond to the Essential Service Commission of Victoria's (the Commission) Draft Decision on recommendations 3B, 3C, 3D and 3F of the *Independent Review into the Electricity and Gas Retail Markets in Victoria (Independent Review)*¹ and its draft decision on estimated meter reads.

Victorian Energy Fact Sheet

Origin strongly supports the Commission's decision to create a new Victorian Energy Price Fact Sheet (VEFS) that aligns with the Australian Energy Regulator's (AER) Retail Price Information Guideline (RPIG). Energy price fact sheets play an important role in assisting customers to engage in the market by providing information in a comprehensible manner. The AER's Basic Plan Information Document (BPID) includes price estimates based on independently developed consumption profiles, as well as enough contractual information for a customer to make an informed decision. Origin supported the development of these new BPIDs and we agree that there is merit in the Commission mirroring their content as much as possible for Victorian consumers.

To facilitate an efficient introduction of the BPID, the AER took responsibility for building necessary system changes into Energy Made Easy (EME) to produce the new fact sheets on behalf of retailers. This meant that retailers did not have to individually allocate resources to building their own systems. It also ensured that the energy price facts sheets were identical in their format across the industry. Origin believes that it would be preferable for the Commission and the Department of Environment, Land, Water and Planning (DELWP) to follow the AER and build its own solution into Victorian Energy Compare (VEC) rather than requiring retailers to develop their own fact sheets. This will lower implementation costs across the industry and will be a far more effective manner of delivering this change in a short timeframe.

Once the Commission provides draft changes to the Energy Retail Code, Origin will be able to provide further content and feedback on whether the proposed changes are appropriately harmonised with the RPIG. In drafting the Code, the Commission should be mindful of not creating obligations on retailers where they depend on the VEC to meet these obligations. For instance, if the VEC had an issue with its systems and retailers could not upload new VEFS for several days, then retailers should not be held responsible for this under the Energy Retail Code. To address this issue, the Commission ought to create overarching obligations in the Energy Retail Code (such as retailers only being permitted to use VEFS created by the VEC) whilst leaving specific details about the content of the VEFS for a separate Guideline. A Guideline is more flexible than the Energy Retail Code and will permit changes to occur as the functionality of the VEC improves over time. Further, if the AER makes updates to the

¹ John Thwaites, Patricia Faulkner and Terry Mulder, *Independent review into the electricity and gas retail markets in Victoria*, Final Report, August 2017.

RPIG which changes retailer practices and processes, the Commission can mirror these more efficiently in a Guideline than the Energy Retail Code.

Implementation

Origin appreciates that the Victorian Government has asked the Commission to implement these reforms by 1 July 2019. At the same time, it is better not to force through changes too quickly because they may cause a negative customer experience and increase costs for the Department and retailers.

Origin believes that the Commission should follow the AER's lead and undertake a three-step phased implementation approach. As the Commission is aware, there is a range of regulatory changes being bedded down by 1 July in Victoria, including the Victorian Default Offer, recommendations 3G-H of the Independent Review, and a flexible feed-in-tariff. It would be prudent to phase in the changes to VEC and retailer practices over six months. The first step of a phased approach could commence with all retailers publishing their current 'Generally Available Offers' (GAO) in the new format by 1 July 2019. The benefit of this is that it gives all parties time to learn how to use the new VEC system of uploading offers. It also enables DELWP to receive any feedback on how the changes to the new system are proceeding. Customers will immediately benefit by having access to new price fact sheets that include price estimates for each plan.

The second step involves transitioning to the new definition of GAO, which will lead to additional offers being uploaded on the VEC. Retailers ought to be able to comply with this by 1 October 2019. The final step, which involves third party comparators and agents, could be implemented by 1 January 2020. This provides retailers with additional time to ensure that our agreements and processes with third parties are compliant.

Estimated meter reads

The Commission has made a draft decision to mirror the Australian Energy Market Commission's (AEMC) recent rule on estimated meter reads. Origin supports Victoria aligning directly with this rule change.

Closing

Should you have any questions or wish to discuss this information further, please contact Timothy Wilson on [REDACTED].

Yours sincerely



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