

5 February 2019

Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

By email: RetailEnergyReview@esc.vic.gov.au

Dear Dr Ben-David

Re: Draft decision – Helping customers engage confidently in the retail energy market

Thank you for the opportunity to comment on the Essential Services Commission's (ESC) *Draft decision – Helping customers engage confidently in the retail energy market (Draft Decision)*.

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme that helps Victorian energy or water customers by receiving, investigating and resolving complaints about their company. Under EWOV's Charter, we resolve complaints on a 'fair and reasonable' basis and aim to reduce the occurrence of complaints¹. We are guided by the principles in the Commonwealth Government's Benchmarks for Industry-based Customer Dispute Resolution². It is in this context that our comments are made.

As the Draft Decision highlights, the 2017 *Independent Review into the Electricity and Gas Retail Markets in Victoria (Independent Review)* found that Victorians were paying 'unusually high' electricity prices compared to other jurisdictions. EWOV's own data tends to support this assessment. We can confirm that for the 2017-18 financial year, high billing complaints were the most common form of complaint received by our service (87% of these relating to electricity and gas), closely followed by disconnection/restriction for debt, (97% of these related to electricity or gas); and debt collection/credit default listing (96% about electricity or gas).

The average residential arrears in the complaints we investigated was \$2,698, with 473 residential customers holding arrears of over \$3,000; some as high as \$10,000. A significant number of customers presented with limited capacity to reduce their consumption or increase their capacity to pay. From our conversations with them, we often learnt that they were carrying debts across multiple utilities. In many

¹ See Clause 5.1 of EWOV's Charter: <https://www.ewov.com.au/files/ewov-charter.pdf>

² See EWOV's website: <https://www.ewov.com.au/about/who-we-are/our-principles>

cases, it was also evident that utility debt was part of a much more complex financial situation they were facing.

The Draft Decision outlines the ESC's intended approach towards implementing Recommendations 3C, 3D and 3E of the Independent Review, in addition to implementing an Australian Energy Market Commission (**AEMC**) rule change enabling consumers to submit their own estimated meter reads. The intention of the reforms is to provide consumers with the tools and capability to more effectively navigate the retail energy market, which should in turn result in more consumers signing up to better value energy plans - and avoiding high bills.

This should ultimately assist with a reduction in customer complaints to EWOV.

We have provided a brief response to the Draft Decision below.

Draft decision 1: A new Victorian energy fact sheet

EWOV supports the introduction of a new Victorian energy fact sheet to replace the existing price and product information statements (**PPIS**), as this will assist consumers when comparing and assessing energy plans.

We also support leveraging work that was undertaken by the Australian Energy Regulator (**AER**) during the 2017-18 development of their Retail Pricing and Information Guidelines (**RPIG**) to inform the development of the Victorian energy fact sheet.

Draft decision 2: Form and content of the new Victorian energy fact sheet

Again, EWOV is supportive of leveraging work that was undertaken by the Australian Energy Regulator (**AER**) during the 2017-18 development of their Retail Pricing and Information Guidelines (**RPIG**) to inform the development of the Victorian energy fact sheet. Not only will this reduce unnecessary 'double handling' in the development of the Victorian energy fact sheet, but it will provide retailers and consumers with consistency across the NEM – which is useful for building consumer confidence in the market and in assisting retailers to implement fact sheets in different jurisdictions.

EWOV is aware that the AER commissioned extensive consumer testing, and engaged the services of a behavioural consultant when developing the 2017-18 RPIG – which was developed for the same purpose as the ESC now proposes to introduce the Victorian energy fact sheet. Delivering easy to read, widely accessible documents was front of mind throughout that process. Victorian customers will undoubtedly benefit if the ESC adopts a similar 'less is more' approach to form and content when devising the Victorian energy fact sheet.

Draft decision 3: Victorian energy fact sheet to include a comparison mechanism

EWOV supports this Draft decision, for the reasons outlined above in our response to Draft decision 2.

Draft decision 4: Incorporation of typical customer usage profiles that align with AER equivalents

EWOV supports this Draft decision, for the reasons outlined above in our response to Draft decision 2.

Draft decision 5: Making the Victorian energy fact sheet available to customers

EWOV is supportive of the Victorian energy fact sheet being made available to customers through the avenues identified in Draft decision 5, as the more widely known the fact sheets are the more likely they will be used by customers when making purchasing decisions in the retail energy market.

In an ideal world, over time the Victorian energy fact sheet will become a trusted source of pricing information which customers routinely refer to when assessing offers in the market. This would enable more customers to make beneficial choices regarding their energy supply, and therefore reduce complaints to EWOV. If energy price fact sheets are to play this role, however, retailers will need to promote them emphatically and ensure they are highly accessible. Without active promotion, dissemination and ubiquitous availability the potential of Victorian energy price fact sheets to improve consumer experiences, (and reduce complaints), is unlikely to be realised.

Draft decision 6: Fact sheets to be referenced in marketing material

EWOV supports this Draft decision, for the reasons outlined above in our response to Draft decision 5.

Draft decision 7: Consultation on technical matters

EWOV supports this Draft decision, with the expectation (as stated above) that the work done by the AER when developing their RPIG will heavily inform development of the Victorian energy fact sheet. EWOV has engaged with the technical consultation, expressing the view that a user-friendly document accessible to a wide audience and expressed in jargon free terms would benefit consumers. These principles informed the AER RPIG development process, and delivered beneficial reforms.

Draft decision 8: Meter read provisions

EWOV supports the ESC's Draft decision to align the Energy Retail Code with the AEMC's final rule on estimated meter reads, as a way to allow customers the right to provide read estimates (provided they do so in accordance with reasonable instructions and in a timely fashion). Providing simple to follow directions instructing consumers on how they can accurately provide self-read estimates would be a useful adjunct to this reform, and would be a reasonably simple consumer information piece to compile.

Draft decision 9: Commencement date of marketing and information disclosure code amendments

EWOV supports the proposed timeline, noting that this brings implementation of the reforms into alignment with the ESC's implementation of reforms regarding recommendations 3B, 3F, 3G and 3H which were decided last October.

While this timeline is challenging, it is not unachievable.

Draft decision 10: Commencement date of customer read estimate code amendments

Again, EWOV supports the proposed timeline.

We trust these comments are useful. Should you like any further information or have any queries, please contact Zac Gillam, Senior Policy and Stakeholder Engagement Officer, on (03) 8672 4285.

Yours sincerely



Cynthia Gebert
Energy and Water Ombudsman (Victoria)