



Essential Services Commission
Level 8, 570 Bourke St
Melbourne VIC 3000

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To Commissioners,

Energy Retail Code of Practice review – Issues paper

ENGIE Australia & New Zealand (ENGIE) appreciates the opportunity to respond to the Essential Services Commission (Commission) in response to the issues paper on the review of the Energy Retail Code of Practice.

The ENGIE Group is a global energy operator in the businesses of electricity, natural gas and energy services. In Australia, ENGIE operates an asset fleet which includes renewables, gas-powered generation, diesel peakers, and battery energy storage systems. ENGIE also provides electricity and gas to retail customers across Victoria, South Australia, New South Wales, Queensland, and Western Australia.

While ENGIE welcomes a review into whether the provisions in the Code of Practice remain fit-for-purpose, ENGIE would support the Commission focusing on potential reforms that would make noticeable improvements to the outcomes for consumers. In its draft decision, we urge the Commission to provide a more detailed explanation of the specific market failures or regulatory barriers that have been identified that justify progressing with reforms. ENGIE would also welcome further consideration of how the potential reforms will address the identified market failure and whether the benefits of the reforms outweigh the implementation costs.

Implementation of potential reforms

ENGIE notes that the issues paper sets out many potential reforms. While some individual reforms may appear relatively minor, when considered as a fulsome package they would likely require a substantial implementation period. This is to ensure that retailers can allocate internal resources to update relevant systems and processes and conduct staff training on new requirements. ENGIE will provide further feedback on implementation when assessing the reforms proposed in the draft decision.

ENGIE notes that the Department of Energy, Environment and Climate Action (DEECA) has been reviewing whether industry-specific consumer protections are necessary for users of consumer energy resources

(CER) and has flagged that it would publish a directions paper in 2024.¹ We would appreciate the Commission confirming whether the scope of this review is limited to the topics outlined in the issues paper or whether the scope may expand to include outcomes from DEECA's review.

Strengthening family violence protections

ENGIE considers that the current family violence protections are working effectively and there is not a strong case to amend the protections at this stage. If changes were to be made, ENGIE would prefer that these align with the requirements recently introduced in the National Energy Retail Rules (NERR) to minimise the regulatory burden for retailers that participate in both jurisdictions.

In relation to expanding the definition of family violence, ENGIE considers that the definition of 'family member' in the Family Violence Protection Act 2008 (Vic) is already sufficiently broad to incorporate carers and Aboriginal and Torres Strait Islander kinship relationships. ENGIE would support the definition of family violence in the Code of Practice continuing to refer to the definition given in the Family Violence Protection Act 2008 (Vic).

Payment difficulty framework

Training requirements

ENGIE would be comfortable with the introduction of targeted training requirements that are drafted in a similar manner as those for family violence and energy marketing obligations. ENGIE already provides regular training for staff about the application of our payment difficulty support and how to engage empathetically and effectively with customers experiencing vulnerability or hardship.

Obligation to place debt on hold for six months

ENGIE would support the removal of requirement for retailers to offer to place a customers' existing debt on hold for six months as part of tailored assistance. Our experience is that this form of assistance does not provide any particular benefits if the retailer already takes into account the customers' capacity to pay when establishing an initial payment plan. When a customer is unable to pay an amount that reduces their arrears, they typically are also unable to pay an amount that fully covers their ongoing usage.

Accessibility of Utility Relief Grants information

ENGIE considers that the Code of Practice has sufficient obligations in relation to the Utility Relief Grant Scheme (URGS). ENGIE's call centre staff are trained to inform customers about URGS and to help customers to complete and lodge URGS applications. In the vast majority of cases, URGS forms are fully completed over the phone with a customer and lodged with the Department of Families, Fairness and Housing (DFFH).

¹ Department of Energy, Environment and Climate Action, Protecting consumers of distributed energy resources (DER), Project page, accessed at: <https://engage.vic.gov.au/project/protecting-consumers-of-der/timeline> Page 2

In relation to customer outcomes in accessing URGs, we have observed that some financial counsellors may not be accurately advising customers that they can only receive a maximum of \$650 for each utility type in a two-year period. This appears to have resulted in some customers receiving incorrect advice and having a poor customer experience when informed that they are not eligible for a grant at that time. To assist with customer understanding of the scheme, ENGIE would support DFFH introducing an annual grant (instead of a grant available once in a two-year period) and creating additional education material for industry and financial counsellors.

Assistance and information on energy efficiency

While our call centre staff are able to provide advice on how customers can increase energy efficiency, such as through switching energy appliances or changing their consumption patterns, it is much more challenging for staff to provide an individual assessment of the potential savings from switching specific appliances or undertaking specific home upgrades. It would be more appropriate for call centre staff to direct customers to external resources that are better placed to provide individual advice on energy efficiency and home upgrades.

ENGIE also notes that conversations with customers experiencing vulnerability are already lengthy and involve the provision of substantial amounts of information in line with tailored assistance requirements. We are concerned that adding more detailed energy efficiency advice requirements into the Code of Practice could increase the information overload for customers and require customers to stay on the phone for longer.

Supporting customers who want to disconnect from gas

ENGIE has a global ambition to become net-zero by 2045 and part of this journey will involve helping our customers to decarbonise, which may include electrification of their homes and abolishing gas connections. In that context, ENGIE supports the Code of Practice clarifying between temporary disconnection and permanent abolishment of gas supply. ENGIE considers that it would be sensible to introduce provisions that complement the new requirements on gas distributors in the Gas Distribution Code of Practice, which could require retailers to provide written direction to distributors for the abolishment of a customer's gas connection on behalf of the customer within specific timeframes.

However, ENGIE does not support potential requirements on retailers to inform customers about timeframes and completion of abolishment works that are outside of the scope of the retailer. It would be more appropriate for these types of communications to be provided to the customer by the relevant gas distributor that is actioning the request for abolishment.

As gas distributors are responsible for setting the fees and timeframes for gas abolishment services, ENGIE would prefer to not publish these fees on its website and instead direct customers to the distributors' websites where the most up-to-date information on the fees is displayed. Retailers should only directly

publish abolishment fees on their websites if they levy additional charges on top of the gas distributors' fees for abolishment.

More generally, ENGIE considers that it may be more appropriate for customers to be invoiced directly by gas distributors for a gas abolishment, rather than this cost being initially incurred by the retailer and then passed through to the customer. This approach would directly address the Commission's concern about customers' challenges in obtaining an abolishment in scenarios where they do not have an active gas retail account. Under the current arrangements, retailers take on the financial responsibility for the costs of abolishment and the bad debt risk if the customer does not subsequently pay the abolishment fee. If there is an increasing number of Victorian consumers transitioning away from gas in the medium-term, this may result in a notable financial risk for retailers that may justify the levying of additional abolishment charges to reflect the costs incurred in managing gas abolishment requests.

Bill information requirements

ENGIE would not support alignment of Victorian billing rules with the Australian Energy Regulator's Better Bills Guideline. In our view, the Better Bills Guideline is overly prescriptive and burdensome in the context of the research from the Behavioural Economics Team of the Australian Government that found that most consumers did not find it difficult to understand their energy bills.² During the development of the Better Bills Guideline, ENGIE advocated for principles-based regulation that would have provided retailers with the flexibility to design energy bills that meet their customers' needs while ensuring that minimum requirements continue to be met.

ENGIE does not consider there is evidence of a market failure with energy bills in Victoria that justify significant changes to the billing rules. ENGIE also notes that it will be challenging to maintain consistency with the Better Bills Guideline over time without the two regulators jointly and consistently making changes to their jurisdictional billing rules.

ENGIE would not support the inclusion of contact details for the Energy and Water Ombudsman Victoria (EWOV) on the front page of bills. We consider that including this information prominently on the front page of a bill may drive customers to contact EWOV prior to engaging with their retailer and attempting to resolve their query. This would not align with EWOV's complaints process and would drive up the costs for participation in the ombudsman scheme, which is ultimately paid for by all customers through their energy bills. To ensure that customers have clear information about how to access EWOV, as well as additional context on the complaints process, ENGIE would support a requirement to include EWOV's contact details on secondary pages of bills.

ENGIE is concerned about the potential option to extend billing regulation beyond the physical bill and potentially capturing the text in covering emails. Similarly, ENGIE would not support regulation extending to summary documents or operational flyers that could be provided with a posted bill. Customers may not

² Behavioural Economics Team of the Australian Government 2021, Improving energy bills: final report, October, p. 15. Accessed at: <https://behaviouraleconomics.pmc.gov.au/sites/default/files/projects/final-report-improving-energy-bills.pdf>

open their physical bill for various reasons, such as if they have a direct debit arrangement established. Alternatively, the Commission may consider whether the requirement for a retailer to provide a comprehensive bill is still relevant in the current market and whether there is scope for customers to opt-in to alternative bill distribution arrangements that have specific regulatory requirements (such as, a bill or bill summary that is distributed via email, SMS, online portal, phone application etc.).

Clarifying best offer obligations

As noted in the Commission's September 2023 Victorian Energy Market Report, there are many reasons why consumers do not take-up their retailer's best offer. This includes several behavioural reasons, such as the lower priority of energy bills relative to other expenses and disengagement of consumers with their bills. In that context, it is not clear to us that the Commission's potential reforms to best offer obligations would increase the proportion of customers that actually shift to a better offer. It is unlikely that any reform to best offer messaging would result in universal uptake of best offers.

ENGIE is concerned that several of the potential reforms outlined in the issues paper, such as on the availability of best offers, may require costly system changes that provide minimal consumer benefit.

In relation to the potential change to the definition of 'restricted plans', ENGIE would welcome this definition being clarified further so that there is a consistent application and understanding of 'restricted plans' across industry.

Accuracy of information on Victorian Energy Compare website

ENGIE considers there should be a broader consideration of the types of benefits, discounts, credits, and incentives that should factor into the price estimates presented on Victorian Energy Compare. This would ensure that Victorian Energy Compare can provide consumers with an accurate reflection of the estimated cost of an offer and how it compares to other available offers. Following on from that review, ENGIE would be comfortable with the Commission developing clearer definitions of the types of benefits, discounts, credits, and incentives that can be inputted into the Victorian Energy Compare portal. While we do not necessarily consider that the definitions need to be inserted into the Code of Practice, we do not have any specific objections against their inclusion.

ENGIE supports the intent of the Commission's proposal to require retailers' to remove expired or unavailable offers from Victorian Energy Compare within one business day of the offer(s) ceasing to be available. However, we note that the Victorian Energy Compare portal does not currently enable retailers to pre-schedule the expiry of offers, which is a functionality available in the Energy Made Easy portal. Any new obligation on retailers to remove expired or unavailable offers from Victorian Energy Compare within specific timeframes should be accompanied by supporting functionality in the portal to assist retailers to meet the obligations.

Bill frequency obligations

ENGIE would not support the introduction of bill frequency obligations for market retail contracts in the Code of Practice. ENGIE considers that the best offer messaging frequency obligations provide sufficient clarity to retailers on the frequency that bills should be issued.

There may be some merit in progressing exemptions from best offer messaging to provide flexibility where bills are delayed due to issues that are not the retailers' fault.

Clarifying unclear definitions

Standard offers

ENGIE understands the Commission's rationale for considering limiting retailers' use of the language 'standard offers' in advertising. As an alternative, ENGIE suggests that the Commission could consider instead requiring that specific language is used when advertising or presenting standard retail contracts, so that consumers know the terms or phrase to look for when seeking to sign up to the Victorian Default Offer for electricity or the standing offer for gas.

Pay-by-date

ENGIE is comfortable with the Commission including a definition for 'pay-by-date' in the Code of Practice, beyond the current definition that applies to standard retail contracts and some exempt persons. While this could provide some clarity around the context of payment arrangements and extensions, we would not support the definition imposing a minimum payment period for bills issued under market retail contracts.

Arrange a disconnection

ENGIE agrees with the intent of the potential change, which is to ensure that disconnections for non-payment do not proceed when a customer has contacted their retailer and taken up a payment plan. Despite this, ENGIE is of the view that the terminology in the Code of Practice must align with the terminology used in the Electricity and Gas Industry Acts in relation to disconnection requirements. If the terminology differs between these regulatory instruments, this will create significant uncertainty for retailers.

Disclosure of additional retail charges in contract terms and conditions

ENGIE is comfortable with additional disclosure requirements relating to 'additional retail charges', as it is currently defined in the Code of Practice. As noted earlier in this submission, in relation to pass-throughs of distributor fees and charges, retailers should only be required to disclose upfront amounts to customers in instances where they will levy additional amounts above the underlying fee or charge.

Requirement to publish changes of tariffs and charges in newspapers

ENGIE considers that removing the obligation to publish variations to tariffs and charges of standard retail contracts in a newspaper is a sensible reform that would not negatively affect consumers. Retailers are already required to provide customers with bill change alerts that explain the changes in the customers' tariffs, including the estimated annual dollar impact of the price change.

Use of preferred communication method

ENGIE agrees that retailers should initially contact a customer using their preferred communication method in relation to payment difficulty and disconnection communication obligations. As identified in the issues paper, a customer may not always be contactable via their preferred communication method and retailers will need to access other communication methods it has on record for the customer to inform them of their entitlements relating to payment support and the potential risk of disconnection they may face.

Any amendments to Part 6 and Part 10 of the Code of Practice should not introduce any barriers for retailers in utilising all available forms of communication for a customer after initial attempts to communicate with a customer via their preferred communication method.

Receipt of communications and notices

ENGIE does not consider there is a strong case to amend the Code of Practice to clarify timelines for when a communication or notice can be presumed to have been received. However, if the Commission were to progress with this change, ENGIE's preference would be that the timelines align with the current timelines specified in the 'model terms and conditions for standard retail contracts', which state that a notice or bill is taken to have been received on the date two business days after it is posted.

Extending this timeframe from two business days to four business days would have significant impacts on retailers' processes, particularly for price change projects that already operate with very short timelines to implement the Commission's updates to Victorian Default Offer tariffs each year. There may also be flow-on impacts to contract terms, where these state the timeframes in which the retailer will presume the notice to have been received.

Clarifying timelines for compliance with certain obligations – Disconnections as a last resort

ENGIE would support the Code of Practice being amended to make it clear that the retailer should be providing information about available assistance at the same time, or after, the customer receives the disconnection warning notice. However, the drafting would need to be clear that 'receipt of the disconnection warning notice' refers to the retailers' timelines for presumed receipt of the disconnection warning notice.

Concluding remarks

Should you have any queries in relation to this submission please do not hesitate to contact me on, telephone, [REDACTED]

Yours sincerely,

[REDACTED]
Matthew Giampiccolo

Manager, Regulation and Policy