

19 July 2024

Ms Sarah Sheppard
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by email: energyreform@esc.vic.gov.au

Dear Sarah

Energy Retail Code of Practice review – Submission

AusNet welcomes the opportunity to provide this submission to the Essential Services Commission's (ESC) issues paper on updating the Energy Retail Code of Practice (ERCoP). This review comes at a time when the energy transition is rapidly changing customer need and expectations, and a time of growing climate change impacts on the customer and communities we serve.

We broadly support the scope of the review as set out in the issues paper; however, we propose the scope is expanded to include customer outcomes and protections during unplanned outages, particularly prolonged outages during extreme weather events. The recent February 2024 storm was the largest storm in AusNet's history, resulting in more than 360,000 outages and impacting a large geographic spread of the network. This is the third storm of similar size in three years, with some communities were significantly impacted by all three storms. There is a growing need to consider changes to the current regulatory framework to accommodate for customer impact from extreme weather events.

Following the recent February 2024 storm, we conducted an in-depth independent post incident review (PIR) with 31 recommendations on how AusNet and the industry can improve customer outcomes during these extreme weather events and prolonged outages. A number of recommendations include proposed changes to electricity retailer obligations, which have informed our submission. Our submission also refers to the Victorian Government's Network Outage Review Interim Report recommendations where relevant, as this report also reflects learnings from the recent storm and highlights key areas for improvement for the industry.

Our submission provides the following key recommendations for the review, under three key themes:

Supporting customers in the energy transition:

- Gas retailers should have new information provision requirements regarding gas abolishments in the community safety and good customer outcomes.
- Retailers should remain allowed to charge commercial gas customers for maintaining a plugged or otherwise unused gas supply.
- Retailers should be required to notify customers of any changes in their retail offer, including changes in tariffs structures to enable customers to better manage their energy consumption.

Improving customer outcomes in unplanned outages

- Retailers should be required to:
 - seek customer permission to share their preferred communication method with distributors for the purpose of supply interruption notices; and
 - share customers' preferred communications method with gas and electricity distribution businesses, where customers agree to it.
- Retailers should be required to share all available customer contact details with distributors for the purposes of unplanned outage notifications.

- Retailers should be required to request multiple contact details for customers for the purposes of unplanned outage notifications.
- Retailers should be required to de-register customers from the life support register when requested by the customer and as part of a prescribed verification process.
- Retailers should provide prescriptive information on guaranteed service level (GSL) payments on customers' bills.

Protections for consumers experiencing vulnerability

- If preferred contact information cannot be shared with distribution businesses, retailers should be required to provide outage information to customers experiencing family violence or other vulnerabilities in a way that protects the customers information as highly private and secure.

We expand on these recommendations in the body of the submission.

If you have any enquiries, please do not hesitate to contact Justin Betlehem on [REDACTED] or [REDACTED]

Sincerely,

[REDACTED]

Sonja Lekovic
Regulatory Policy Manager
AusNet

Supporting customers in the energy transition

Increasing customer understanding of gas abolishments

Gas retailers should have new information provision requirements regarding gas abolishments. As gas customers electrify their appliances or the whole premise, there is a risk customers will not be aware of the safety implications of maintaining 'dormant gas connections' to their premise if they do not complete a gas abolishment (following the replacement of the last gas appliance). A key safety risk includes gas being stored in a pipeline that run through the front yard of a home without clear marcation or visibility. AusNet's gas distribution network is already seeing an increasing number of dormant connections with more and more households electrifying, which is a concerning trend and highlights the need for better information sharing with customers.

Retailers should have obligations to provide accurate and simple to understand information on gas abolishments to their gas customers. When the customer calls the retailer to close their account (typically following a decision to not use gas or after replacing the last gas appliance), the retailer should be required to:

- take steps to understand why the customer is closing their account, to determine whether a gas abolishment is the most appropriate and safest course of action
- provide necessary information on gas abolishments and the process for applying for one, including the safety implications if the recommended action is not taken.

Gas distributors can provide necessary materials for gas retailers to assist in determining the right course of action following the conversation with the customer.

Further clarification is needed on gas abolishment process in case of a rental property that is undergoing electrification, as the owner of the property is typically not the gas retail customer. We have raised this emerging issue in our response to the current Department of Energy, Environment and Climate Action (DEECA) *Minimum Standards for Rental Properties and Rooming Houses* review. We have sought clarification on the responsible person for the gas abolishment initiation and cost for rental properties. In making the final decision on the retailer obligations regarding gas abolishments we recommend the ESC consult with DEECA on their position regarding this matter.

Benefit: Increasing customer understanding of gas abolishments and clarifying the responsibilities for carrying out gas abolishments will ensure a safer transition to electrification. It also ensures customers who are discontinuing gas use pay their fair share of the cost of abolishing the connection, reducing the cost burden and cross-subsidies by the remaining gas customers on the network.

Charging commercial customers for unused or disconnected gas supplies

We do not support preventing retailers from charging commercial gas customers for maintaining a plugged or otherwise unused gas supply. We distinguish between commercial and residential customers in this regard.

We consider it reasonable for residential customers to not be charged for maintaining a dormant or plugged gas supply. If the proposed information provision obligations are implemented, which clearly explain to customers the benefits of a gas abolishments, we anticipate the number of plugged or dormant supplies would be reasonable low, in cases where the supply is genuinely temporarily plugged for anticipate future gas use (e.g., rental property where one tenant chooses not to use existing gas appliances). As a result, the cost of maintaining the low number of plugged supplies would be relatively minor when shared amongst the gas network customer base. We already do not charge retailers for residential customers with dormant or plugged supplies.

However, the cost recovery of gas connections and abolishments from commercial and industrial customers is more detailed and based on individual customer circumstances, which typically include provisions for cost recovery up until abolishment. For example, commercial and industrial customers on our Tariff D have agreed to pay:

- for a meter capable of recording their maximum hourly quantity (MHQ)
- a contribution to the capital cost of their connection
- for a minimum MHQ of 1.15 GJ (equivalent of any annual consumption of 10,074 GJ).

For these customers, we would continue to charge retailers for the minimum consumption in cases of dormant or plugged supply. This does not represent an additional cost to customers as it is within their contracted agreement. We expect retailer contracts to reflect equivalent or similar terms and conditions. Moving away from the agreed contract terms to provide baseless savings for commercial customers, would increase the costs for all other customers, including households.

Benefit: This approach reduces cross-subsidies of commercial customers by residential customers, ensuring households are not paying for gas more than necessary. Commercial customers would continue to pay within their contract.

Increasing the transparency of changing tariff structures

Energy retailers should be required to notify customers of any changes in their retail offer, including changes in tariffs structures. This is particularly relevant for electricity customers, where cost signals are changing due to a move to renewable energy, and electricity networks and retailers are revising tariff structures on a regular basis (at least every five years) to reflect this change.

In Victoria, most electricity customers have been on a single-rate network and retail tariff for decades and are largely not familiar with different tariff structures. They may not be aware of how they can get the most value out of their energy use if on a time of use tariff (TOU). Victorian distributors are slowly progressing customers on the TOU tariffs—from 1 July 2021, all:

- new electricity customers;
- customers with new rooftop solar systems; and
- customers who upgrade from single to multiphase (2 or 3 phases)

are put on a TOU tariff as a default, with an option to opt-out (except for customers with EV chargers who can't opt-out). Our experience shows many of these customers are unaware of their tariff structure and their energy usage is very similar to that of a customer on a single-rate tariff.

As the energy transition gathers pace, electricity retail and network tariff structures are expected to continue to change to adjust for changing cost drivers. We are developing changes to our TOU tariff in the forthcoming 2026-31 regulatory period, to introduce a low-cost 'solar soak' period in the middle of the day while maintaining a higher-cost evening peak period. If approved by the Australian Energy Regulator (AER), this new structure would apply to all customers who are on the TOU tariff on 1 July 2026, and in line with the assignment policy described in bullet points above.

In most cases, retailers will pass on the network tariff structures in their retail tariffs, and hence retail tariff structures are expected to change at scale from 1 July 2026. Retailers have the important role in explaining to customers how their tariffs are changing, and how customers can benefit from those changes, e.g., by shifting consumption to the low cost solar soak period.

To affect this change, the retailer obligation to notify customers at least five days prior to price or benefit change should be extended to include 'tariff structure change'. In the absence of targeted, simple to understand and useful information on tariff structure changes and the context behind them, it is likely some customers will experience a bill shock and miss out an opportunity to better manage their usage accordingly. Therefore, it is important customers are notified of any structure changes in advance, with a contextual explanation of how the customer can benefit from the change and what their rights are if they are not satisfied with the new tariff structure.

Retailer notification requirements on tariffs and prices should be extended to embedded networks. This will ensure customers in embedded networks receive the same level of customer protections, consistent with the recommendations of the Victorian Government's Embedded Network Review that was finalised in 2022.

Benefit: Increasing transparency and customer understanding of their tariff structures will build customer agency in the energy transition, providing them with the necessary tools and information to get the most out of their energy use and consider ways to save on their bills. This promotes efficiency in energy supply and the retail market, delivering long term benefits for all energy consumers. It also builds trust in the energy sector to deliver a fair and equitable energy transition.

Sharing customer preferred communication method with distributors

Retailers should be required to share customers' preferred communications method with gas and electricity distribution businesses, where customers agree to it. Customers spend time in providing preferred method details to their retailers. We support the ESC's issues paper calling for retailers to use this preferred communications method for all important communications in the first instance, extending its use beyond the current ERCoP provisions. However, distribution businesses currently may not have access to, and do not have permission to use, those identified preferences by the customer, which means distribution businesses need to contact the customer directly for them to provide their preferences for the second time. This creates unnecessary process duplications and has resulted in inadequate information being shared with distribution businesses due to (understandable) customer reluctance to engage on this issue multiple times.

We have found it is difficult and costly for distribution businesses to obtain customer's preferred communication method. When we have made concerted efforts to contact customers to obtain this information and consent, the response rates have not exceeded 10%, given the challenges to asking customers for their private information in today's age of digital security and suspicion to all unsolicited inbound letters, emails and SMS's.

Retailers should be required to seek customer permission to share their preferred communication method with distributors for the purpose of supply interruption notices. To ensure customers are aware of how they are sharing their data, we consider customer consent is prudent before retailers share customer communication preferences with distributors. We do not anticipate this would be a significant change to the retailer engagement with customers and would only result to a very marginal cost of implementation if preferences are collected at the time of signing up customers.

Benefit: There is significant value in distribution businesses having access to, and relying on, customer's preferred contact details for the purposes of supply interruption notices. This includes:

- customers are more likely to be engaged on, and pay attention to, communications that are in their preferred communication method and style
- reduced cost and waste from distributors having to rely on physical letters in the absence of customers' preferred communication style, including reduced cost to all customers and reduced environmental impacts from reliance on paper and printing.

We consider retailers should also be required to share customer contact details with distributors for the purposes of unplanned outage notifications, which is covered in more detail in the next section.

Improving customer outcomes in unplanned outages

Sharing customer contact details with distributors for outage notifications

Retailers should be required to share all available customer contact details with distributors for the purposes of unplanned outage notifications. At present, customer contact details (specifically phone and email contact details) collected by retailers are not always shared with distributors, and when shared, they are not always accurate or up to date. Based on data received from retailers, we estimate that we have accurate mobile phone records for around 60% of our customers, which limits our ability to contact customers effectively through SMS or email during unplanned outages. Our customers expect us to share accurate and timely information with them during outages, particularly prolonged outages, which can be challenging if we do not have the contact details for our customers.

Similar to obtaining communication preferences, distributors can reach out to customers directly to obtain their contact details for the purposes of unplanned outage notifications. However, this can be challenging as in the absence of phone and email details this would need to be done via physical mail, where we would expect the success rate to be very low. It also created unnecessary redundancies in the process, putting additional cost on all customers.

We consider a new process should be introduced where retailers are required to seek customers contact details for the purposes of unplanned outage notifications at the time the customer signs up with the retailer. Retailers should then be required to share those details with distributors at the earliest opportunity. This is consistent with Recommendation 28 from the Victorian Government's Network Outage Review Interim Report, published for consultation on 4 July 2024.¹

Retailers should be required to request multiple contact details for customers for the purposes of unplanned outage notifications. Our customer research and engagement show that during outages, customers typically prefer that multiple household members receive notifications about outages, rather than just the account holder. This recognises that account management serves are very different purpose compared to managing a household during an outage, and in many circumstances the decision maker for bill payments and for outage management may be a different person. However, at present, distributors are only able to contact the account holder during an outage (if the contact details are available), which limits the usefulness of any shared information.

We consider the proposed retailer obligation to collect customer contact details specific to unplanned outage notification should include an opportunity for customers to provide multiple contact names and details, which should be shared with distributors at the earliest opportunity.

Distributors may be required to upgrade their systems to receive and store this additional customer data. Retailers should work with distributors to understand whether system upgrades are necessary and when they may be achieved, to develop an appropriate data sharing framework.

Benefit: While the proposed new requirements will increase cost of data collection and sharing, the benefit of customers having easily accessible and useful information related to their outages far outweighs the cost. This is particularly important during prolonged power outages which typically occur during extreme weather events, which are becoming increasingly frequent and severe due to climate change. The Network Outage Interim Report summarises that effective communication of information during an event is essential for keeping community members safe, connected and mentally well.² Our own PIR found that improving access to contact details for customers during outages would mean:

- Customers can choose from a variety of channels to access information according to personal preference.
- Customers receive information faster thanks to multiple channels with readily accessible information.
- Customers who still prefer to speak to someone about their outage would likely experience shorter wait times, given the opportunity to inform most customers using SMS (in addition to the Outage Tracker).

¹ Network Outage Review Expert Panel, Review into the transmission and distribution businesses operational response to the 13 February 2024 Storms, 4 July 2024, p. 13.

² Network Outage Review Expert Panel, Review into the transmission and distribution businesses operational response to the 13 February 2024 Storms, 4 July 2024, p. 59.

Improving the life support customer register

Retailers should be required to de-register customers from the life support register when requested by the customer and as part of a prescribed verification process. Over the past few years, the life support register has grown substantially, with new customers registration and very few de-registrations. AusNet currently has approximately 20,000 customers registered for life support, which is approximately 75% higher compared to five years prior. About 40% of these registrations are not medically confirmed. The growing number of life support customers, particularly without medical confirmation, means that AusNet is unable to genuinely prioritise customers with critical life-dependencies during outages or for other services. The large number of life support customers also creates logistical and prioritisation challenges for other emergency services and the Department of Health during prolonged outage events where they provide welfare checks and other support.

The Network Outage Review Interim Report has found that accuracy and currency of information on the register is poor, and that the current provisions in the ERCoP to remove customers do not compel retailers to do so.³ Our own PIR found that the current deregistration process has led to an oversubscription to the register.

We support Recommendation 12 from the Network Outage Review Interim Report to enhance accountability and compliance of energy retailers in collecting, validating, and updating life support customer data, referring this to distribution businesses, and undertaking their role in de-registering life support customers who are not medically confirmed or no longer eligible.⁴ We consider this is best done by introducing new obligation on retailers to de-register customers from the life support register, following:

- request from the customer—e.g., a customer may realise that they are on the life support register but do not wish to be on it, or the person who required life support equipment is no longer living at the premise
- information is shared with the retailer by the customer which demonstrates the customer has incorrectly registered—e.g., a customer disclosed to the retailer that they are on the life support register for their pet
- regular verification process to ensure currency of the register—e.g., when a customer on the life support register changes name on the account, or regular every five years
- inability by the customer to provide medical verification after maximum 9 months.

The ERCoP review should incorporate changes to the National Electricity Rules (NER), anticipated under the Energy Charter's #BetterTogether: Better Protections for Life Support Customers initiative. The Better Protections for Life Support Customers initiative is dedicated to identifying life support customers with critical continuous energy supply needs as part of the life support register. The purpose is to assist networks and other emergency services in prioritising the 'critical few' customers amidst a growing number of life support registered customers. We support this initiative and consider it necessary to enable more targeted services for life support customers with critical life-dependencies.

The Network Outage Review Interim Report also recommends the intent of The Energy Charter initiative should be adopted in Victoria to enable identification of critical life support customers, and support better backup planning, taking into account the national rule change process and amendments to Victorian legislation and regulation.⁵

Benefit: By improving the accuracy and currency of the life support register, including creating a list of 'critical few' customers within the register, the services targeted at life support customers will be significantly improved, reducing redundancy and waste that can occur with inaccuracies in the register. It will also allow networks and other emergency services to better prioritise services to life support customers and the critical few during planned and unplanned outages.

Improving customer understanding of GSL payments in their bills

Retailers should provide prescriptive information on guaranteed service level (GSL) payments on customers' bills. Our experience shows that depending on their retailer, customers may get very different descriptions of GSL payments that are include in their bills. In most instances, the information provided on the bill does not explain to the customers what the GSL is for and from which network, making it hard for customers to

³ Network Outage Review Expert Panel, Review into the transmission and distribution businesses operational response to the 13 February 2024 Storms, 4 July 2024, p. 26.

⁴ Network Outage Review Expert Panel, Review into the transmission and distribution businesses operational response to the 13 February 2024 Storms, 4 July 2024, p. 30.

⁵ Network Outage Review Expert Panel, Review into the transmission and distribution businesses operational response to the 13 February 2024 Storms, 4 July 2024, pp. 29-30.

understand the purpose of the payment. There needs to be more clarity and description of what the payment is for, including:

- full description of the payment, as per the Electricity Distribution Code of Practice
- what distributor the payment is from.

This explains to the customer that the payment is specific to a service level in their distribution area. It should make it easier for customers to distinguish that credit from any other credits they may receive (e.g., Federal government direct credits for cost of living measures).

We also support broader improvements to energy bill content consistent with the national Better Bills guidelines. Energy bills are highly complex and require more prescription with regard to content, presentation and level of detail, to build customer agency and improve trust in the sector. We would appreciate an opportunity to contribute to a dedicated engagement on bill content and presentation for Victorian energy bills.

Benefit: Improves customers understanding of the protections that are in place to compensate them for services beyond minimum service levels, increasing trust in the sector.

Protections for consumers experiencing vulnerability

Better protections for consumers experiencing family violence during outages

If preferred contact information cannot be shared with the distribution businesses, retailers should be required to provide outage information to customers experiencing family violence or other vulnerabilities that require customers information to be highly private and secure. We acknowledge the work by the ESC to date to improve customer protections to customers experiencing family violence, and we broadly support the need to continue to strengthen these protections and adopting best practice for consumers experiencing vulnerability and family violence. An area of improvement we have identified is the potential for customers experiencing family violence to not have access to outage information other than planned outage notification letters, under the current outage notification framework where account holders can otherwise receive SMS or email notifications.

While distributors are typically responsible for notifying customers of outage, we consider in the case of family violence, where retailers have strict processes in place to protect customer information and do not share this with distributors, retailers are best placed to pass on the outage information. This could be in the form of distributors sharing outage information with retailers where an account that is flagged is experiencing an outage, for the retailer to pass onto the protected customer.

Alternatively, if this approach poses a risk to compromising customer safety and protections, we would like to work with retailers and the ESC on an alternative approach to keeping customers with these vulnerabilities informed, providing them with useful information to assist them in making informed decisions.

Benefit: improving the safety and security of customers experiencing family violence or other vulnerabilities where protecting their information and account security is of maximum priority.