

Stakeholder reference group 2018 minutes consolidated

We held nine stakeholder reference group meetings during 2018. Minutes were taken at each meeting and can be located on the pages below:

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Minutes

Retail Market Review - Stakeholder Reference Group Meeting #1

Date and Time: 26 April 2018, 10:00am – 11:00am

Location: Room 27.29, Level 27, 121 Exhibition Street, Melbourne

Present:

Name	Organisation
Elizabeth Molyneux	AGL (by phone)
Damian Sullivan	Brotherhood of St Lawrence
Larissa Nicholls	Centre for Urban Research (RMIT)
Ronibasa (Roni) Parlindungan	EWOV
Bryn Dellar	Onsite Energy Solutions
Michael Benveniste	Powershop
Stefanie Macri (for Ben Barnes)	Red/LUMO
Gavin Dufty	St Vincent de Paul
Llewellyn Reynders	VCOSS
Liz Bailey	DHHS (observer)
Michelle Looi	AER (observer)
James Clinch	Essential Services Commission
John Hamill	Essential Services Commission
Jess Saigar	Essential Services Commission
Sugi Sivarajan	Essential Services Commission

Absent:

- AEC
- CALC

Agenda items

1. Welcome and introductions

2. Establishing the reference group

- All members endorsed terms of reference and future meeting dates.

3. Competitiveness review

- Project manager noted that there were 15 submissions to the consultation paper, available on the ESC's website.
- Next steps will be set out at the commission's 4 May stakeholder update.
- SRG member noted there may be merit in an additional SRG meeting following the 4 May session if required. Commission open to discussing this further following the session.
- SRG member noted a preference for network businesses to be more involved in the competitiveness review going forward. Commission to keep informing network businesses of their opportunities to contribute.

4. Bills & marketing

- Initiation workshop for bills and marketing work stream, with a focus on 3G, on 27 April. The other recommendations will be covered in a workshop during June.
- Commission's 5 step consultation process includes an initiation workshop, draft decision, workshop on draft decision, submissions, workshop on submissions and final decision.
- SRG member noted the importance of:
 - the timing and sequencing of the implementation of the recommendations, and clarity about the intended outcomes
 - expressed a preference for alignment with work underway with the national changes to the framework via ACCC recommendations and AEMC rule changes.
- Commission noted the timing, sequencing and intended outcomes were to some extent fixed by the ToR issued by the government and the recommendations of the independent panel, but commission is committed to consulting on the details of the implementation and open to finding efficiencies where possible in the implementation sequence. Commission noted its interest in leveraging work undertaken nationally, where possible.
- SRG members noted the short timeframes and the truncated processes and sought to understand whether the commission was communicating with the department/government about this, and whether it had been provided with additional resources.
- Commission noted the short timeframes but expressed confidence in the work it was doing in that context, and noted it was in regular communication with the department about the project, including the impact of timeframes. Commission declined to discuss internal resourcing matters but noted that a number of new roles had been recruited to support the commission's work on the project.

5. Other business

- No other business was discussed.

Meeting closed at 10:37am.

Agenda items

No.	Item
1	Welcome and introductions
2	Establishing the reference group <ul style="list-style-type: none">• endorsement of terms of reference• future meeting dates
Competitiveness review	
4	Update from ESC <ul style="list-style-type: none">• process
5	<ul style="list-style-type: none">• Feedback, questions (collating any issues/concerns)
Bills & marketing	
6	Update from ESC <ul style="list-style-type: none">• Process and key challenges
7	<ul style="list-style-type: none">• Feedback, questions (collating any issues/concerns)
Other	
8	Any other business

Minutes

Retail Market Review - Stakeholder Reference Group Meeting #2

Date and Time: 22 May 2018, 10:00am – 11:00am

Location: Abell Boardroom, 31 Queen Street, Melbourne

Present:

Name	Organisation
Tess Fitzgerald	AEC
Elizabeth Molyneux	AGL
Damian Sullivan	Brotherhood of St Lawrence
Zac Gillam	CALC
Larissa Nicholls	Centre for Urban Research (RMIT)
Ronibasa (Roni) Parlindungan	EWOV
Damian Moloney	Onsite Energy Solutions
Michael Benveniste	Powershop
Ben Barnes	Red/LUMO
Emma O'Neill	VCOSS
Michelle Looi	AER (observer)
Simon Kerr	DEWLP (observer)
James Clinch	Essential Services Commission
Jess Saigar	Essential Services Commission
Sugi Sivarajan	Essential Services Commission

Apologies:

- St Vincent de Paul
- DHHS (observer)

Agenda items

1. Welcome & general update

General update across all work streams

Pricing and competitiveness

- Commission is on track to meet TOR requirement to have a methodology that is capable of being applied from 1 July 2018.

Bills & marketing

- This work stream is ramping up and is a major focus for the team currently.
- Our progress so far includes developing an initial set of key issues, testing our understanding of those with stakeholders via a workshop, refining our understanding and prioritising. We are now bringing two of those issues for discussion at this meeting.

Code review

- At the stage of resource planning. No firm plans for stakeholder engagement yet developed.

2. Competitiveness review & pricing work

Commission update

- We have finalised our stakeholder consultation on the reference price methodology and working towards being ready for 1 July if required
- We are starting to think in detail about the competitiveness and efficiency review. This will include considering scope and our approach to stakeholder engagement.

Comments/questions from stakeholders:

- What, if anything, is being released on 1 July? The terms of reference require us to have developed a methodology that is able to be published from 1 July. *What happens with the methodology at that time is a decision for government*
- If a reference price is published after 1 July, will the methodology be released at the same time? *All matters concerning the potential release of a reference price at that time are a matter for government decision. However, we can say that over time we will re-engage with stakeholders on the reference price methodology as part of the competitiveness review, so this will provide an opportunity for stakeholders to engage with the methodology in detail.*
- Any further comments on the methodology, i.e. in particular the work on gas? *Nothing beyond that was covered during our stakeholder update several weeks ago.*
- How will the price be used, and what will it represent? *How the price is used is still a matter for government at this stage.*

- When will the government make a decision? *We note that the terms of reference require a methodology to be ready by July, however the timing of any government decision is a matter for government.*

3. Bills & marketing

Commission update

- There are two work streams that relate to Recommendation 3 – one with respect to bills (recommendation 3G) and one with respect to marketing and information disclosure (recommendation 3A-F,H).
- Our high level process for the first work stream on bills (recommendation 3G) includes:
 - Initiation workshop with stakeholders on 27 April
 - Engagement of behavioural insights specialists¹ to provide advisory services on the most effective ways of designing the intervention. We envisage that BIT would present to SRG and the broader stakeholder community over the course of the process.
 - The draft decision is expected to be released in July/August and we will hold a workshop on the draft decision (likely to be in August).
 - We will hold a workshop on the submissions to the draft decision (likely to be in September).
 - The final decision will be released in October.
- Our plan is to follow a similar process for the remaining recommendations within this work stream: workshops to initiate the work, and additional workshops following the draft decision and submissions.
- The initiation workshop for the remaining recommendations (within reco 3) will be in June, date to be advised shortly.

Comments/questions from stakeholders:

- Will the commission draw on other behavioural insights work completed for the AER. Yes, *wherever possible.*
- How will the behavioural insights specialists recruit people to participate in the research? *The BI element of the project is only just starting and details have yet to be worked out.*

Discussion on topics raised in meeting papers – definition of ‘best offer’ and ensuring customer clarity

Topic #1 - Definition of best offer

Topic: A key challenge is defining ‘best offer’, because there is more than one way of thinking about ‘best’ and all have benefits and drawbacks. We have sought views from stakeholders on this

¹ Behavioural Insights Team (BIT)

issue and potential means of mitigating it, and are now seeking input from reference group members.

- Members noted that there are multiple dimensions to thinking about the concept of ‘best offer’, including whether it encompasses only generally available offers, how it contemplates alternate tariff structures and offer types (eg green power, solar, controlled load), how it accommodates discounts, as well as different terms and conditions (such as direct debit, e-billing etc).
- Members urged the commission to take a pragmatic approach to the term ‘best’, and avoid trying to engineer a perfect methodology or approach.
- Members encouraged the commission to ground their consideration of ‘best offer’ in the outcome the recommendation is seeking to produce. *We referred members back to the material produced for the initiation workshop, which contained a discussion of the outcome.*²

Other questions/matters raised

- Frequency of ‘best offer’ information – included on every bill, or at intervals? *Yet to be decided*
- Will the bill include annual bill projections as opposed to/in addition to annual historic bill information – *this appears to be plausible under the wording of the recommendation. Retailers have advised that this would be difficult to achieve in the time required, but we note this is required by Ofgem in the UK and we are keeping it in view.*
- If the bill includes the best offer on the basis of the billing cycle this may be different from the best offer calculated on an annual basis. *Noted for further consideration*
- If the best offer on the bill is based on a customer’s usage, and they then go to VEC they may see a different best offer (unless they upload their smart meter data), because on VEC it will be based on a synthetically generated load profile. *Noted for further consideration*

Topic #2 - Ensuring customer clarity

Topic: A key challenge is ensuring the additional information on bills does not undermine customer clarity. We sought views from stakeholders on this issue and potential means of mitigating it.

- Members considered the issue was genuine.
- It was by members noted that putting multiple prices and data on the bill could lead to customer confusion.
- In reference to the list of information contained in the meeting material (attached), a member also proposed that the commission should remain flexible about the precise information that is

² For reference, the outcome proposed at the workshop and accepted by stakeholders was: Providing customers with a low effort means of identifying a deal that is more suitable to their individual circumstances, at a point in time when they are more likely than normal to be considering the suitability of their energy deal, along with information about how to switch onto that deal.

Providing customers who want to search offers from other retailers with practical information about how to access Victorian Energy Compare.

The end result of the recommendation should be that more customers on deals that better suit them.

displayed (shadow bill versus price information etc), within the parameters established by the recommendation itself.

- Some members suggested the majority of the additional information should not be on the first page of the bill, however it was also noted this brought the converse risk of customers not noticing it.
- It was suggested that if some of the information is not included on the front page of the bill, then there would need to be a very clear 'alert' near the bill due amount to ensure customers would notice when a better deal is on offer.
- Another member suggested the concept of a 'bill supplement' or accompanying item that could contain the more detailed information suggested by the recommendation. Several members noted this option could work well.
- It was suggested that the commission could take a principles/outcomes based approach to this challenge, thus avoiding the need to specify the details of how the information should be presented. It was noted that this could be supported by notice requirements to ensure retailers were notifying the commission about how they were discharging their obligation, and enforced using the commission's enforcement powers. *We acknowledged this as a legitimate approach.*

Agenda items

No.	Item	Presenter	Duration
1	Welcome & general update	James Clinch (Chair)	5
2	Competitiveness review		
	• Update	Jessica Saigar (PM)	5
	• Any other business	Members	5
3	Bills & marketing		
	• Update	Sugi Sivarajan (PM)	15
	• Definition of best offer and ensuring customer clarity		
	• Any other business	Members	20
4	Other		
	• Any other business	All	5

Attachment 1: Material for discussion – focus on bills & marketing work stream

SRG meeting #2, Tuesday 22 May 2018

Location: Abell Boardroom, 31 Queen Street, Melbourne

Purpose

The purpose of this document is to provide members with the key questions we are seeking input on during the second reference group meeting. The focus of these questions is the bills and marketing work stream, and the two topics of defining 'best offer' and ensuring customer clarity.

This document is a staff working document and does not necessarily represent the views of the commission.

Background

On 27 April 2018 the ESC hosted its first stakeholder workshop to discuss the bills and marketing work stream. The primary focus of the workshop was on retail market review (RMR) recommendation 3G.³

Prior to the workshop, stakeholders were sent pre-workshop material outlining key themes for discussion including:

- defining the meaning of key terms
- risks and difficulties associated with implementing the recommendation, and
- options for the regulatory approach.

In addition to discussion at the workshop, stakeholders were also invited to provide written responses to the pre-workshop material. Following analysis of the feedback, we have identified the following matters as priorities for discussion at this reference group meeting:

- definition of best offer
- clarity for customers.

³ 3G requires energy retailers to include the following information on their bills:

- How customers can access the Victorian Energy Compare website;
- The retailer's best offer for that customer based on their usage patterns; and
- The total annual bill for that customer based on the customer's current offer and usage patterns.

We are now seeking input from reference group members on these matters. The following sections set out the material we plan to discuss, along with the specific questions/subjects for discussion.

Topic 1 – definition of best offer

As indicated in our pre-workshop material, we identified at least three ways of defining the term ‘best offer’:

- Prescribed narrowly – the leading example of this would be to define ‘best offer’ simply in cost terms. That is, the offer expected to lead to the lowest bill.
- Prescribed broadly – accounting for all features of the offer, including non-price features.
- Outcomes based – according to the retailer’s judgement.

Broadly speaking, stakeholders requested the commission consider a range of factors including:

- the durability of changes, ensuring any new requirements are ‘future proof’ to the extent possible
- the potential for unintended consequences
- consistency in the presentation of information for customers to enable product comparisons.

Table 1 provides a summary of the key feedback received from stakeholders around the individual options

Table 1. Summary of stakeholder views on defining ‘best offer’

Approach	Advantages	Potential drawbacks
Prescribed narrowly (ie the offer expected to lead to the lowest annual bill)	<ul style="list-style-type: none"> Easiest approach to implement due to simplicity. Consistent information presented to customers by all retailers. 	<ul style="list-style-type: none"> Does not take into account customer’s circumstances. Could discourage innovation, incentives and value-added services from retailers. Does not value other non-price features (eg bundling, concessions etc.).
Prescribed broadly (accounting for all features of the offer, including non-price features)	<ul style="list-style-type: none"> Retailers can tailor products based on customer’s identified need. Can include non-price features and discounts. 	<ul style="list-style-type: none"> Inconsistent presentation between retailers. May be difficult to compare the different benefits, adding to customer confusion. Difficult to quantify ‘features’ or customer’s preferences. May result in multiple ‘best offers’. Difficult to regulate.
Outcomes based (according to retailers’ judgement)	<ul style="list-style-type: none"> Allows retailers to consider the customer’s circumstances and other behaviours. Encourages product innovation. Can be applied to all retailer practices. 	<ul style="list-style-type: none"> Difficult for customers to compare with other offers. Customers need to rely on and trust retailers’ advice. Difficult to regulate.

For discussion

Noting that stakeholders have identified advantages and drawbacks for each option, we would like to discuss the options in more detail and seek your input to understand in more detail the practical outcomes of pursuing various options.

Topic 2 – Ensuring customer clarity

One of the key themes that emerged from stakeholders has been the need to ensure the additional information on bills doesn’t become confusing for customers. We are therefore focused on options for ensuring clarity is preserved.

As indicated in the pre-workshop material, implementing recommendation 3G as we propose would result in the following numerical information (either as consumption data or dollar figures) being included on the bill:

- A. The amount owing on the bill
- B. The amount of energy consumed in the billing period

- C. The amount owing on the bill if the customer had been on the 'best offer'
- D. The amount of energy consumed in the previous 12 months⁴
- E. The annual bill based on the previous 12 months of consumption if the customer was on their current offer
- F. The annual bill based on the previous 12 months of consumption if the customer was on the 'best offer'.

Stakeholder raised concerns that the inclusion of this information on the face of the bill could undermine the clarity of the bill because of the amount of numerical information.

Based on stakeholder feedback, we have identified options for mitigating this risk, including:

- presenting all of the information on the front page of the bill, and seeing to use bill design to ensure clarity for customers,
- presenting some information on the front page of the bill and the remaining information elsewhere, for example, figure A to C may be presented on the face of the bill while D to F are presented elsewhere.

For discussion

To assist with the development of the options to test with customers, we are seeking the reference group's ideas on the most innovative ways of presenting the retailer's 'best offer' on customer bills, including the advantages and disadvantages of the options outlined above.

(It is worth noting that we will use behavioural insights testing to assist us determine the most appropriate design of the information on customer bills. However, we would like to draw on your expertise to understand what options could be tested.)

⁴ We note the complication caused if the customer has been with their retailer for less than 12 months. This is slated for resolution at a later stage of the process.

Minutes

Retail Market Review - Stakeholder Reference Group Meeting #3

Date and Time: 19 June 2018, 10:00am – 12:00pm

Location: Brussels Room, Dialogue Conference Centre, 50 Lonsdale Street, Melbourne

Present:

Name	Organisation
Tess Fitzgerald	AEC
Elizabeth Molyneux	AGL
David Bryant	Brotherhood of St Laurence
Zac Gillam	CALC
Larissa Nicholls	Centre for Urban Research (RMIT)
Ronibasa (Roni) Parlindungan	EWOV
Bryn Dellar	Onsite Energy Solutions
Michael Benveniste	Powershop
Ben Barnes	Red/LUMO
Stephanie Macri	Red/LUMO
Gavin Dufty	St Vincent de Paul
Llewellyn Reynders	VCOSS
Michelle Looi	AER (observer)
Simon Kerr	DEWLP (observer)
David McInnes	DHHS (observer)
James Clinch	Essential Services Commission
Jess Saigar	Essential Services Commission
Renae Liang	Essential Services Commission

Apologies:

- n/a

Agenda items

1.1. Welcome & general update

Pricing and competitiveness

- Very little to report on this—Jess Saigar will give brief update.

Bills & marketing

- This work stream is a major focus for the team currently.
- The first workshop for marketing (recommendations 3A-3F) will be on 11 July. Invitations to come shortly.
- The commission currently plans to implement recommendation 3H on GST inclusive pricing at the same time as 3G on billing.
- We are also examining opportunities for bringing the forward *code amendments* for other elements of recommendation 3, and finalising details subsequently via guidelines. This would help to balance out the amendment workload between each round of amendments.

Comments/questions from stakeholders

- Retailers will only fully understand their obligations once the guidelines are issued. It is therefore important that guidelines are not issued too late for retailers make changes in time for commencement of new rules.
 - *No firm dates on guidelines, if this option is pursued at all. But we would ideally not issue guidelines any later than the current code amendment deadlines (i.e in early 2019).*
- Is there a plan to look at interactions with the rest of the code, especially as it relates to what other items appear on the bill? Would the ESC contemplate flexible requirements where retailers can modify what appears on the bill based on their knowledge of customer preferences, whether as individuals or categories of customer?
 - *We've expressed our openness to considering ideas for how the existing bill requirements might be reviewed as part of this process, noting that some are subject to legislative requirements and therefore cannot be modified by the commission. Please submit your ideas on this to us.*

1.2. Competitiveness review & pricing

- We are starting to plan the competitiveness and efficiency review in detail.
- Our early thinking is to issue the first paper in Sep-Nov. The team is also considering the idea of canvassing stakeholder views on discrete topics via a series of short working papers.
- Ideally, the approach will be finalised this year, allowing us to spend 2019 undertaking the review itself.

Comments/questions from stakeholders

- Could the working papers address the scope of the review?
 - *That is one possibility. They could also cover things like the indicators of competitiveness we will use.*
- What are the timelines?
 - *Not set at this stage. The ToR simply states that the review must be completed by the end of 2019.*
- Will you be making data requests of retailers, and will it be voluntary?
 - *Yes we will be making data requests. The nature of the request will depend on the legislative framework that applies at the time we issue it, noting the retail market review recommended that the commission be given information gathering powers.*
- Any update on the BSO?
 - *The commission has provided its advice to government, and now awaits the government's decision.*

1.3. Bills and marketing

Scope

- *Refer to attached meeting materials for context*

Questions/comments from stakeholders

- Some members (consumer advocates) suggested the wider option may be preferable (ie including retention and win back offers) on the basis that:
 - Retailers may be willing to offer a customer a cheaper, non-public offer.
 - Any confusion customers may experience when they cannot corroborate the offer against publicly available information would be outweighed by the benefit of having those cheaper deals available.
- Another member (retail) noted if scope went beyond 'generally available' offer, it should be carefully defined on the basis that the very best offers are reserved for hardship/payment difficult customers, and it would not be reasonable for all customers to be offered those.
 - *Note that ongoing deliberation is required on the question of scope of offers.*
- Regarding scope of mediums, if the scope is set to include bill summaries it will need to be carefully designed lest it pick up other forms of customer communication. For instance, defining the scope with reference to 'anywhere the dollar amount and due date is quoted' may capture disconnection warning notices.
 - *Noted. Will bear this in mind during the design process.*

Design

- *Refer to attached meeting materials for context*

Questions/comments from stakeholders

- Members supported the proposal to test a design option that combines a message box on the front page of the bill, with a bill insert containing the balance of the information. This option was understood to be about to avoid cluttering the bill.
- What will the bill insert contain if customers are already on the 'best offer'?
 - *One option would be that no bill insert is required if customers are already on the 'best offer'.*
- Members noted how any annual bill/savings estimates are presented will be important. Ideally, the estimates should be presented in general terms, with fine print specifying how the estimate was established (i.e based on the customer's previous 12 months of data). This is in contrast to more definitive statements such as 'forecast annual bill' or 'this is what you would have paid over the last 12 months on the alternative plan'.

- *Noted. Will bear this in mind during the design process.*
- On presentation, members noted the potential benefit of presenting annual figures as annual savings, as opposed to estimated annual bill totals, on the basis that this meant customers needed to make one less calculation.
 - *Noted. Will attempt to work this into the options tested.*
- Members noted the need to be clear about how the annual dollar estimates for the current plan are calculated, because there are two options that will yield different amounts:
 - What the customer *paid* in the previous 12 months.
 - The hypothetical bill if the customer's current tariff was applied to their past 12 months usage (noting that this will be different to the previous estimate if the tariff has changed in the previous 12 months).
 - *Distinction noted. We will be mindful of this when finalising the design of the requirement.*
- Need to ensure that customers clearly get a prompt for the Victorian Energy Compare website, so they can examine offers in the market rather than just their retailer.
 - *Noted. The recommendation also requires this.*
- Use of symbols/footnotes may confuse some customers. Member suggested it would be better to incorporate footnote text into the body of the letter.
 - *Noted. Will examine options.*
- Member suggested the use of a dollar range rather than a single dollar amount may be preferable.
 - *Noted. Will examine options.*

Definition of best offer

- *Refer to attached meeting materials for context.*

Questions/comments from stakeholders

- There were mixed views on the best approach to defining best offer.
- In addition to the three options discussed in the attached material, members proposed a fourth: cheapest unconditional offer. This option was noted as having the advantage of being available to all customers. This would avoid one of the two potential drawbacks of the 'cheapest possible offer' option – that being that the cheapest possible offer may not be available to all customers. For example, the cheapest possible offer may require e-billing and direct debit, which would not be suitable for customers without internet access.
- Members noted the other potential drawback of the 'cheapest possible offer' was that customers may be attracted by the low cost, but not realise the offer has terms and conditions that vary from their existing offer. Members noted this risk could be mitigated by presenting the

offer in certain ways for instance: this is the ‘best offer’ but it has XYZ features, if these features don’t suit you then contact us.

- Members acknowledged the potential drawback associated with the ‘best equivalent offer’ option, namely that unless ‘equivalence’ was well defined in the framework, retailers might define it using trivial factors (such as the fact a deal included movie tickets).
- Members noted that presenting both forms of best offer – cheapest possible + cheapest equivalent – may be confusing for some customers, but did not oppose it as an option to be tested given the need for compromise.
 - *For all the above points, note the need for ongoing deliberation on the most suitable approach to defining ‘best offer’.*
 - *We seek views on what plan attributes should be considered when defining equivalence. See appendix B for working list of candidates attributes to select from.*
- How are you treating dual fuel offers? For example, retailers may offer dual fuel offers where the electricity element is great but the gas element is expensive.
 - *Treatment of dual fuel customers is on our list of matters to be addressed.*
- Member (consumer advocate) encouraged the commission to continue contemplating a principles based regulatory approach for this requirement. The member noted this would have the advantage of precluding lengthy debates about minutia during the design process, while providing the commission with the capacity to enforce failures to adhere to the principle.
 - *We remain open to this approach, however we are carefully considering the implications for enforceability. One option is to take a blended approach—prescribe a minimum and overlay that with a set of principles.*
- Need to be careful with unintended consequences such as retailer consolidation of their customer base (which happened with Ofgem) and barriers for new market entrants.
 - *Noted, although this goes to the question of policy rather than the task we’ve been given.*
- Member asked whether there will there be a materiality threshold that applies to this requirement. For example, would the requirement to identify a better offer be triggered by a potential \$5?
 - *Note the legitimacy of this point. We will consider the issue of thresholds.*
- Member noted that the best offer definition will have to accommodate new, innovative business models. This includes fully personalised ‘10 year tariffs’, where the unit of sale is not kilowatt hours.
 - *This is an important point. We will be seeking stakeholder input throughout this process to identify potential negative interactions with new energy business models.*

Frequency

- *Refer to attached meeting materials for context.*

Questions/comments from stakeholders

- Members noted that presenting best offer messages too frequently may lead to desensitisation, reducing the efficacy of the message.
- Members discussed adopting a frequency that aligned with major transition points during the year. For instance, this could be biannually: following price changes in January and then again in July. Alternatively it could be aligned with seasonal changes to prompt engagement following bills that were typically higher.
 - *Note the general support for a frequency that is less than every bill. Will consider further.*
- Member questioned how this requirement would interact with recommendation 3F, which introduces a requirement to advise customers of the best offer when prices/benefits change?
 - *Note the close relationship of these recommendations. Note the bill insert concept discussed above has the potential advantage of providing a template for these other contexts. We are also open to considering pragmatic approaches if obligations to advise customers of best offer under both these recommendations fall very close to each other (i.e in the same fortnight).*

Implementation issues

- Member noted that when considering the implication of data availability (i.e when less than 12 months is available), special attention needs to be paid to gas because of the fact seasonality is so important to gas bills.
 - *Noted, will bear this in mind during the design process.*

Appendix A - Agenda items

No.	Item	Presenter	Duration
1	Welcome & general update	James Clinch (Chair)	5
2	Competitiveness review		
	• Update	Jessica Saigar (PM)	5
	• Any other business	Members	5
3	Bills & marketing		
	• Update	James Clinch,	75
	• Recommendation 3G	Members	
	– Scope (10 min)		
	– Design (20 min)		
	– Definitions (30 min)		
	– Frequency (5 min)		
	– Implementation matters (10 minutes)		
	• Any other business	Members	5
4	Other		
	• Any other business	All	5

Appendix B – Draft list of plan attributes

Working list of plan attributes
Discounts
Bill frequency
Billing type (e.g paper billing available)
Benefits
Fees
Tariff type
Contract period
Solar feed-in tariff
Green Power option

Attachment - Stakeholder Reference Group Meeting #3: Material for discussion – focus on bills & marketing work stream

SRG meeting #3, Tuesday 19 June 2018

Location: Brussels Room, Dialogue Conference Centre, 50 Lonsdale Street (Gorman Alley), Melbourne

Purpose

The purpose of this document is to provide members with the discussion points ahead of the next reference group meeting.

The focus of this material is the bills and marketing work stream, specifically the changes to bills required by the implementation of recommendation 3G.¹

This document is a staff working document and does not necessarily represent the views of the commission.

Introduction

This introduction contextualises the discussion by outlining the objectives being sought by recommendation 3G. It then sets out the key matters for discussion at reference group meeting #3.

Objectives of recommendation 3G

The objectives of recommendation 3G are

- to provide customers, at a relevant point in time, with a low effort means of identifying and moving onto a plan that is more suitable to their individual circumstances.
- to provide customers who want to search offers from other retailers with practical information about how to access Victorian Energy Compare.

¹ Require retailers to include the following information on customer bills:

- How the customer can access the Victorian Energy Compare website
- The retailer's best offer for that customer based on their usage patterns
- The total annual bill for that customer based on the customer's current offer and usage patterns.

The end result should be that more customers on deals that better suit them.

Key topics for discussion

The key topics we propose to discuss are set out below. These topics have been identified through discussions with stakeholders and our own analysis. We anticipate that that topic 2 (design) and topic 3 (definition of best offer) will absorb the majority of the discussion time.

1. Scope of the new requirement – how it applies to non-paper billing and bill summaries (ie email or SMS bill summaries)
2. Design – how to add additional information to the bill while ensuring clarity for customers
3. Definition of ‘best offer’
4. Frequency at which the requirement applies (ie every bill or some lesser frequency.
5. Implementation matters, such as:
 - How the requirement would apply when a customer is already on the ‘best offer’
 - Availability and accuracy of customer data, including circumstances in which 12 months of usage data is not available.

The remainder of the document discusses out each of the topics in turn.

Topic 1 – Scope

In the context of implementing this recommendation, the question of scope has two dimensions:

- scope of offers captured – does the requirement apply all offers the retailer has, or just those that are generally available?
- scope of bill mediums captured (ie paper vs electronic) – how does the requirement apply to non-paper billing arrangements, including email and SMS bill summaries?

These two dimensions are discussed in turn below.

Scope of offers

If the requirement was limited to generally available offers, then some customers may miss out of being advised of ‘absolute best’ offers.

However, if the requirement applied to all offers, including retention and win back offers which are typically not published by a retailer, then customers would not be able to corroborate the ‘best offer’ provided on the bill with publicly available information. This would seem non-transparent and potentially confusing.

Bill mediums

We interpret the requirement to apply whenever a bill is issued, whether in paper or electronic form.

We also note that when issuing bills electronically, retailers commonly present a bill summary and click-through-to-pay options in the accompanying email, SMS or message. This means that customers have no need to open the attached bill.

To ensure it delivers the benefits, it would therefore seem reasonable that the requirement would apply to email bill summaries and equivalents. When applied in this context, the requirement could be established in such a way as to ensure suitability to a digital environment.

For discussion

- Scope of offers – comments/objections regarding option of limiting scope to generally available?
- Scope of mediums – comments/objections regarding option of capturing bill summaries?

Topic 2 – Design

Additional information on (or with) bills

Following stakeholder feedback and our own analysis, we have refined the proposed additional information on/with bills required in order to enact recommendation 3G. We therefore propose to take the following information into the testing phase:

- A. A message indicating whether or not the customer is on the 'best offer'
- B. The annual cost on the current offer (meaning the 12 months prior to issuing the bill)
- C. The hypothetical annual cost on the 'best offer' (same 12 month period)
- D. Basic plan information for current offer and 'best offer' (to enable the customer to compare)
- E. Name and unique identifier for 'best offer'
- F. Practical information about how to get onto the 'best offer'
- G. How the customer can access Victorian Energy Compare
- H. A message indicating the customer is receiving this information as a result of a regulatory obligation.

Other items of information also under consideration:

- I. The saving the customer may have made over the last 12 months, had they been on the 'best offer' rather than their actual plan
- J. The amount the customer would have been charged for the bill, had they been on the best offer (shadow bill).

The design challenge

The design challenge we face is to add this information to the bill so that it delivers the benefit of the recommendation, but in such a way that avoids confusion.

One option is to place the information on the front page of the bill. However, this may overcrowd the bill, and the multiple dollar amounts may be difficult for some customers to interpret.

Another option would be to locate the information in the latter pages of the bill. However, in order to be effective the information must be prominent. Placing the information on the latter pages of the bill is therefore likely to undermine the effectiveness of the intervention.

A third option is to split the information into two categories: 'hook' information that alerts the customer to the lead message (ie 'are you on 'best offer' or not'), which would be located on the front page, and 'detail' information that is located elsewhere.

We are proposing to test variations of the third option. Specifically, we are proposing to add 'hook' information to a small 'message box' on the front page of the bill. This 'hook' information would consist of A, E, F, I and potentially H from the list above.

We are proposing to test two alternatives for presenting the 'detail' information:

- on the latter pages of the bill
- on a bill insert (propose to test 2-3 styles of the bill insert).

The bill insert concept has potential advantage of allowing us to establish a tool that can later be re-used for the implementation of recommendation 3F.²

The bill insert concept could also simplify the operational impact for retailers – for instance, one approach could be that the insert is not required if the customer is already on the best offer.

For discussion

- Comments/objections regarding the list of information
- Comments/objections regarding splitting the information into 'hook' and 'detail' information and displaying them separately (either later in bill or on bill insert)
- Discussion of how different regulatory approaches may impact this requirement

Topic 3 – Definition of best offer

Recommendation 3G requires retailers to include on bills their 'best offer' for a customer based on their usage patterns. How 'best offer' is defined is therefore a key question for the implementation of this recommendation.

We have now received several rounds of stakeholder feedback on this issue. A central theme of this feedback has been stakeholders encouraging the commission to take a pragmatic approach to defining 'best offer'. It is also clear from stakeholder feedback and our own analysis, that no option for defining 'best offer' is free from potential drawbacks, and that trade-offs will be required.

² Recommendation 3F requires to notify customers of the best offer available by that retailer, and reference the Victorian Energy Compare website, in advance of any price or benefits change.

Following feedback and ongoing analysis, we are now present the following options for discussion and input. During this discussion, all references to 'lowest cost' mean lowest cost on the basis of the customer's previous 12 months usage.

'Best offer' as the lowest cost plan overall

Under this approach, 'best offer' means the tariff that would have resulted in the lowest annual bill on the basis of the customers previous 12 months usage data.³

This option has the advantage of simplicity. However, it doesn't take into account the customer's circumstance and therefore could lead to adverse outcomes, such as a customer attempting to switch to a deal that doesn't suit them. For instance, the cheapest overall plan may require e-billing and direct debit arrangements, which would not be suitable for a customer without internet access.

'Best offer as the lowest cost 'equivalent' plan

Under this approach, the retailer would take account of their knowledge of customer's preferences to present the lowest cost plan that aligns with the customer's preferences. That is, the lowest cost plan that is equivalent to the plan they are currently on.

The key question emerging from this approach would be the definition of 'equivalent' – specifically, what plan attributes should be used in the definition of equivalence? Also, how could equivalence be defined in such a way that prevents the possibility of retailers artificially narrowing the pool of offers they consider when assessing the 'best offer' for a customer?

Presenting both the lowest cost and lowest cost equivalent

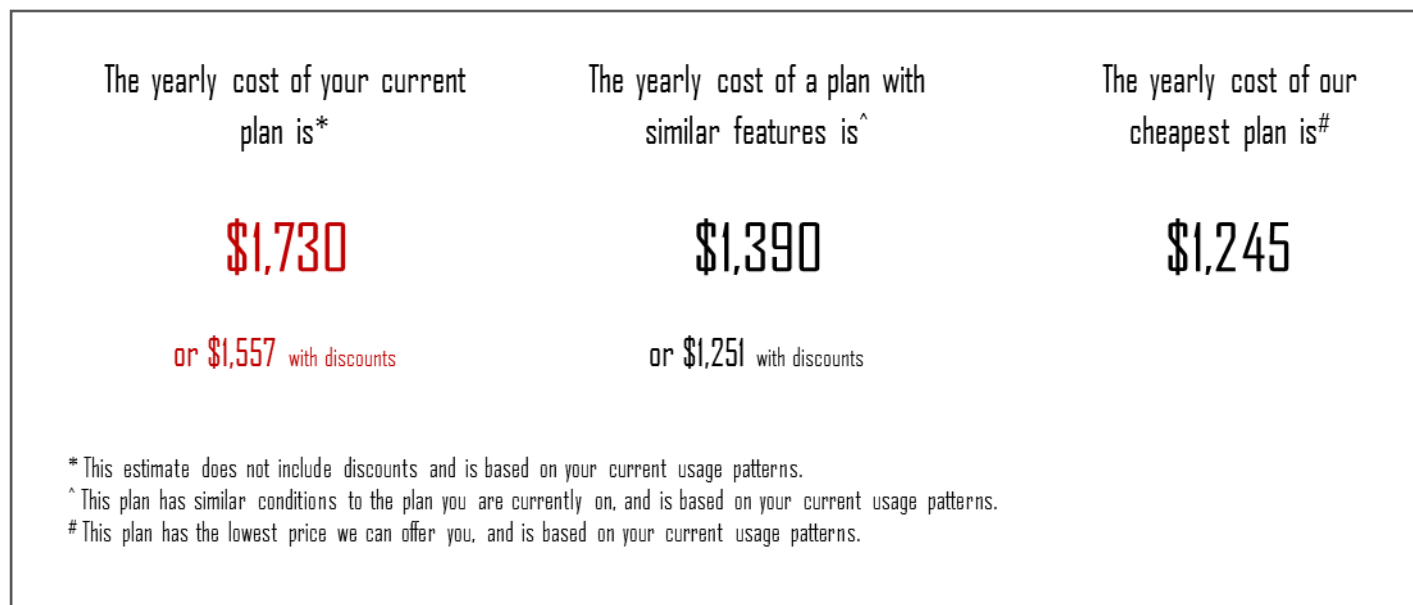
This is approach used in the UK for Ofgem's cheapest tariff message (CTM) intervention. In considering this option, bear in mind that under the design approach outlined above, the majority of this information would not appear on the front of the bill, but would instead appear on latter pages or on a bill insert. To give context, an example of how this information might be presented is set out in figure 1.

The advantage of this approach is that it addresses the drawbacks of both of the options listed above because a customer would be able to see both a low cost similar offer, and the lowest cost offer overall, and be able to make choice for themselves.

The potential drawback is that presenting two dollar amounts could be confusing.

³ We discuss cases where a retailer doesn't have access to 12 months data in 'implementation matters' section below.

Figure 1. Example presentation of lowest cost and lowest cost equivalent



For discussion

- What plan attributes could be used to define equivalence? Please bring concrete examples, as we will attempt to identify a working resolution to this during the meeting.
- What might be the consequences of applying different regulatory approaches to this question – for instance, having the regulatory define equivalence versus allowing retailers to define it?
- What are the advantages and disadvantages of the third option discussed – displaying both the lowest cost and the lowest cost equivalent?

Topic 4 – Frequency

We assume the new requirement would apply to all bills unless there was a compelling argument for it to apply less frequently.

For discussion

- What impact might frequency have on customers and the effectiveness of the intervention?
- What impact does frequency have on retailers' costs and operational considerations?

Topic 5 – implementation matters

We have identified a number of circumstances to be considered ahead of implementation. These include:

- how the new requirement applies when a customer is already on the 'best offer'
- how to minimise unnecessary 'friction' for the customer seeking to switch onto the best offer
- how to respond if 12 months of customer meter data is not available
- how to respond if a customer's meter data is unlikely to be representative

The rest of this section discusses each of these in turn.

When a customer is already on the best offer

One option in this scenario is that the 'message box' advises the customer they are on the 'best offer', but there is no further info provided (ie no bill insert).

Do you have comments/objections to this approach?

'Friction' associated with taking action

The level of 'friction' associated with an action influences the extent to which a person follows it through to completion.

What consideration needs to be given to how easily a customer can practically 'get through' to the part of the retailers website or call centre they need in order to make the switch?

Availability of customer meter data

There are a number of circumstances in which the retailer may not have access to a full 12 months of customer meter data, including:

- where the customer has not been with the retailer for 12 months
- where the retailer has relied upon estimated meter reads during the 12 month period

One option to respond to this is to create an exemption for these customers – ie establish the new requirement such that it doesn't apply to customers who have been with a retailer for less than 12 months. However, under this approach customers may miss out on getting best offer information simply because they switch retailers or move house. It may also disadvantage some vulnerable cohorts such as those with unstable housing arrangements and newly arrived migrants.

Another option would be to require retailers to make their best estimate taking into account specified factors such as:

- whatever usage data they have for that customer
- factors such as seasonality, and
- any relevant circumstances the retailer knows about that customer.

Another option would be to use benchmark data, such as that produced by the AER.

Do you have comments on these options?

Representativeness of customer meter data

In some circumstances, prior usage data may not be as relevant for customers, such as those whose circumstances have changed significantly over the past 12 months. For example, this could include customers who have:

- gained/lost members of their household

- moved to a new property with different energy needs
- undergone appliance changes or household fitouts that affect their energy usage, such as installing air-conditioning or rooftop solar.

One option for responding to this could be to ensure the 'best offer' information is sufficiently explained and caveated.

Do you have comments/objections regarding this option?

For discussion

- Are there other factors/matters we should consider?

Minutes

Retail Market Review - Stakeholder Reference Group Meeting #4

Date and Time: 17 July 2018, 9:30am – 11:00pm

Location: Room 27.29, Level 27, 121 Exhibition Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Elizabeth Molyneux	AGL
Damian Sullivan	Brotherhood of St Lawrence
Zac Gillam	CALC
Bryn Dellar	Onsite Energy Solutions
Michael Benveniste	Powershop
Stefanie Macri	Red/LUMO
Emma O'Neill	VCOSS
Michelle Looi	AER (observer)
Simon Kerr	DEWLP (observer)
David McInnis	DHHS (observer)
James Clinch	Essential Services Commission
Jess Saigar	Essential Services Commission
Sugi Sivarajan	Essential Services Commission

Apologies:

- **Larissa Nicholls** Centre for Urban Research (RMIT)
- **Roni Parlindungan** EWOV
- **Gavin Dufty** St Vincent de Paul

Agenda items

1.1. Welcome & general update

1.2. Competitiveness review

Update

- Working with commissioners on our approach to developing the framework.
- Planning for either three working papers or one issues paper, before releasing a draft framework at the end of November.
- Expecting to finalise the framework by February/March 2019.

1.3. Bills and marketing

Update

- Marketing workstream - Initiation workshop for marketing workstream was held on 11 July. Project Manager noted it was well attended and invited members to provide any feedback on the Commission's initial approach to the recommendations set out in the attachment and questions from the workshop.
- Bills workstream – draft decision is expected to be released mid- August with 4 week consultation phase.

Overview of consumer trial methodology

- Representative from the Behavioural Insights Team (BIT) presented the methodology being used for the consumer trial, including the mockups based on concepts developed over previous meetings that were being used in the first trial, which included :
 - an additional 'message box' on the front page of the bill, quoting the potential annual savings if the customer moved to the 'best offer'¹
 - three versions of a 'best offer letter' that could accompany the bills when the customer was not on the retailer's 'best offer'
- The methodology is a framed field experiment using a randomised control trial (RCT) involving approximately 2,400 Victorian customers broadly representative of the actual customer base.
- The trial will test the relative efficacy of the different options, by looking at customer comprehension, intentions and potential confusion.

¹ This is as distinct from a 'shadow billing' approach, which would imply showing what the customer would have paid for that bill had they been on the retailer's 'best offer'. Members had previously advised the shadow billing approach posed a material risk of customer confusion.

- To the extent possible, the trial will also examine whether the results are different for particular customer segments, namely culturally and linguistically diverse (CALD) customers and the aged.
- Recognised limitations of the trial include the fact it is being done online and so by definition will not test the reactions of non-digital individuals. However, it was noted that it is well established in the literature that online comprehension tests understate paper based comprehension, so it can be reasonably inferred that comprehension rates will be higher for customers who are non-digital.
- ESC explained the trial would inform the commission's views on the design of the new requirements, and the regulatory approach it took, but that the very fact that certain mock ups were being trialled did not mean the commission was committing to any particular level of prescription.
- A full report outlining the methodology, the mock ups trialled, and the complete results would be published in a few weeks' time with the draft decision.

Questions/comments from stakeholders

- The discussion focused more on the mock ups than the methodology itself. Key points raised by members include:
 - It was noted that commission staff had previously discussed the use of icons or symbols to communicate whether the customer was on the best offer (as opposed to a written message)
 - *Confirmed the idea of icons/symbols was discussed at the last reference group meeting among the various options considered, but that this concept had not been developed for testing.*
 - Concern that the inclusion of a dollar amount in the best offer message situated on the front of the bill could lead to customer confusion (particularly on more complex bills that may have multiple amounts outstanding – member requested we consider using more complex bills in the second trial)
 - *Confirmed that we were focused on the issue of customer confusion and had requested this be testing as part of the trial. We are open to trying to accommodate more complex bills in the second trial, but there are only limited number of things that can be tested so it may or may not be possible.*
 - Questions around the utility of including a letter could be less pronounced if consumers don't pay attention to additional letters and are just focused on the bill.
 - *Noted. The testing includes options that have a letter and no letter and we can get some insights into how consumers respond to the information in a letter because we are testing for*

their comprehension, intention and whether the information causes confusion around the amount that is payable.

- the potential the letter would cause confusion if it contained multiple dollar figures (such as discounted and undiscounted amounts, and/or ‘cheapest offer’ and ‘cheapest equivalent offer’)
- *Noted. The testing specifically tests consumers understanding about whether they are on the retailer’s best offer (their comprehension), whether the information would prompt them to do anything (their intentions) and whether the new information causes confusion around the amount that is payable.*

- Questions around the location, colour and font size of the best offer information on the bill and the commission’s anticipated level of prescription
- *Note the importance of having best offer information close to the bill amount because that was the primary focus of customers. No commitments made in terms of prescribing details like colours or font size/style.*

- Question about whether less detail, fewer pages of information and just one number presented to consumers akin to NZ’s ‘what’s my number’ campaign could have a more meaningful impact
- *Noted. The results of the trial should provide evidence that can be used to think about these questions. Also noting the trial can ultimately only test a very small number of variables, so it is not possible to test every possible (or even a large number) of potential options.*

- Questioned whether the testing could provide insights around the impact of difference frequencies
- *The nature of doing point in time testing means it’s not possible to reliably test for how consumers would respond to best offer information if it was presented at different levels of frequency.*

- The new requirements would prompt consumers to ask why a retailer is providing this information and has not automatically put them on the best offer.
- *Noted. We recognise this potential and its intersection with debates about the role of explicit informed consent, however we do not propose to look at EIC through the process of implementing 3G.*

1.4. Other

- No other business was raised.

DRAFT

Appendix A - Agenda items

No.	Item	Presenter	Duration
1	Welcome & general update	James Clinch (Chair)	5
2	Competitiveness review		
	• Update	Jessica Saigar (PM)	5
	• Any other business	Members	5
3	Bills & marketing		
	• Update	Sugi Sivarajan (PM)	10
	• Overview of consumer trial methodology	Ravi Dutta-Powell (Behavioural Insights Team)	30
	• Any other business	Members	15
4	Other		
	• Any other business	All	5

Minutes

Retail Market Review - Stakeholder Reference Group Meeting #5

Date and Time: 21 August 2018, 9:30am – 11:00pm

Location: Room 27.29, Level 27, 121 Exhibition Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Elizabeth Molyneux	AGL
David Bryant	Brotherhood of St Lawrence
Zac Gillam	CALC
Larissa Nicholls	Centre for Urban Research (RMIT)
Roni Parlindungan	EWOV
Bryn Dellar	Onsite Energy Solutions
Michael Benveniste	Powershop
Stefanie Macri	Red/LUMO
Gavin Dufty	St Vincent de Paul
Emma O'Neill	VCOSS
Michelle Looi	AER (observer)
Simon Kerr	DEWLP (observer)
David McInnis	DHHS (observer)
James Clinch	Essential Services Commission
Jess Saigar	Essential Services Commission

Apologies:

- **Sugi Sivarajan** Essential Services Commission

Agenda items

1.1. Welcome & general update

1.2. Competitiveness review

1.2.1. Update

- Working with commissioners on our approach to developing the framework.
- Currently anticipate releasing a single issues paper, but not yet clear when it will be released.

Questions/comments from stakeholders

What is the scope? Will the review include all elements of the supply chain, solar, exempt sellers?

- *Scope is yet to be determined but we accept these are important matters to clearly communicate to stakeholders. We are focused on ensuring the review doesn't simply retrace ground covered by other reviews.*

What are the potential outcomes of the review?

- *This is something we're working through.*

What information gathering powers will the commission use as part of the review? Would these need to be changed in primary legislation?

- *We will use whatever information gathering powers we have at the time of making the request. We note the ESC already has relatively extensive information gathering powers enshrined in primary legislation – any change to these powers would therefore require legislative change.*

1.3. Bills and marketing

1.3.1. General update

- Focus is currently on the draft decision relating to the 'best offer', and GST inclusive pricing (reco 3F, 3G, 3H).
- Draft decision anticipated for release between 6 and 11 September. We will hold a briefing upon release of the draft decision.
- We will hold a workshop during the submission period to discuss the draft decision, and then another one immediately after the submissions close to ensure we've adequately captured the input from stakeholders.
- Final decision anticipated after mid-October.

1.3.2. Trial results

- We have results from the BIT customer trial (summary attached). The full BIT report will be released with the draft decision.

1.3.3. Current thinking on key issues relating to reco 3G

Presentation of new information

- Results indicate that a simple message box on the front of the bill is likely to be broadly as effective as including a letter or bill insert. We are therefore likely to propose not including additional information beyond the message box.

Best offer

- As per previous discussions, we have distilled down five options for defining best offer. All options have drawbacks, including the potential to be encouraging customers onto plans that may not be suitable for them. We are likely to propose the simplest definition – cheapest generally available offer – and manage the drawbacks by introducing an outcomes based transparency obligation to ensure customers entering new contracts have a clear understanding of how the T&Cs may impact the costs they face.
- The proposed obligation would require retailers to clearly communicate to customer (in dollar terms, where possible) any T&Cs that could impact the costs they face, such as conditional discounts, time-bound discounts, fees and charges associated with switching to paper billing, the potential billing implications associated with moving to a complex tariff structures etc.
- It would also require the retailer to take account of whatever information they have regarding the customer when communicating with them about the relevant T&Cs (such as, in the case of a pay-on-time discount plan, whether the customer has a history of missing bill due dates)
- Finally, it would require the retailer to advise the customer of any other deals they retailer believes might be better suited to the customer.
- We expect that this is likely to be aligned with the current behaviour of many retailers.

Questions/comments from stakeholders

How would concessions be accounted for when considering best offer?

- *Will take this on notice, noting that in any outcome the key priority is to ensure the comparison between the customer's current and alternative offers is like-for-like.*

How would the best offer calculation account for potential benefits such as demand response payments or other forms of reward payments?

- *Note this question, will consider it.*

How would exports (ie solar exports) be accounted for when calculating the best offer? Some retailers strongly of the view that exports (not just usage) should be accounted for in order for the comparison between offers to be meaningful. It was suggested that 'metering data' could be used as a substitute for 'usage data' as a concept to enable this.

- *Note this point, we will include this in our thinking.*

Once the offer is placed onto the bill, does the retailer have an obligation to offer it to the customer who contacts them?

- *We are currently considering the question of how long an offer should be valid for (and therefore available to a customer who contacts their retailer) after the bill issue date. We are currently considering 13 business days, as this is the bill due date period as defined by the code.*

Request that retailers are not required to use the term 'best offer' on their bills due to the risk of inadvertently breaching consumer protection legislation.

- *Noted, will take this on board when considering how the bill messages are prescribed.*

How will the best offer calculation account for dual fuel plans? If each fuel is to be calculated separately, how would this work for customers who receive a single bill for their bundled plan.

- *Will include this scenario in our considerations.*

How would the transparency obligation operate for a digital sale, as opposed to one over the phone?

- *Our aim would be for the obligation to be high level enough to be applied in both phone and digital environments. We would leave it to retailers to work out the practical details of applying it to digital sales.*

How would the transparency obligation operate for sales conducted by third party sales channels that don't have access to the retailer's full suite of offers?

- *Our aim is for the obligation to be compatible with third party arrangements (ed: assuming those arrangements comply with relevant legislation and codes), so we will consider this issue in our development of the concept.*

The transparency obligation would impact retailers differently depending on whether the customer they're talking to is a new or existing customer. If it is an existing customer, the retailer would be required to take account of information they know about the customer. If the customer is new, the retailer would have no customer information, therefore they would not have anything to take account of during their interaction with the customer.

- *Noted, we will consider this.*

Where a retailer is engaging with a new customer, how would the retailer calculate the dollar impact of T&Cs in the absence of the customer's meter data? Suggestion these dollar impacts could be calculated using standardised profiles. If this was the case, could standardised profiles also apply to how the obligation would operate when a customer speaks to their existing retailer? The counterpoint to this was put: that customers with particularly peaky load profiles would not be well represented by a standardised usage profile.

– *Note this point and will consider.*

Other matters

- As per previous discussions, current intention is for the new requirement to apply at a minimum of every six months, on the first bill issued following 1 January and 1 July.
- Current intention is to include a minimum dollar threshold for the best offer test. Current thinking is to set the threshold at \$22, in line with standard exit fees. That is, the alternative offer would need to 'beat' the customer's current offer by at least \$22 to be considered a better offer.

1.3.4. Current thinking on key issues relating to reco 3F (price and benefit change notices, including best offer)

As explained in a recent email, we are planning to commence consultation on reco 3F in this draft decision, noting:

- the energy retail code already contains a benefit change notice requirement
- the AEMC is advanced in its consultation on a price change notification, and
- we are advanced in our thinking of the concept of 'best offer'.

If there are no material issues, we may proceed to make the code changes with this round of amendments. Otherwise, we can make the changes in the next round of amendments.

We are planning on using the benefit change notice requirements that currently exist in the code as the basis for the new requirements. We would expand it to apply to price change notifications, drawing upon work done by the AEMC to define the specific information that should appear on price change notices. We are also considering applying the notice period for price changes in keeping with the AEMC's proposal of five days (but leaving the benefit period notice period at 20-40 business days).

Questions/comments from stakeholders

If both benefit and price changes are both fundamentally about changing the cost experienced by customers, do they need to have distinct notice requirements? Can't a single notice requirement be developed that covers both benefit and price changes?

– *Note this point and will consider*

If the price change notice and benefit change notice have similar objectives, isn't there an argument that the notice periods should be brought into alignment?

– *Note this point and will consider*

1.4. Other

- No other business was raised.

Appendix A - Agenda items

No.	Item	Presenter	Duration
1	Welcome & general update	James Clinch (Chair)	5
2	Competitiveness review		
	• Update	Jessica Saigar (PM)	5
	• Any other business	Members	5
3	Bills & marketing		
	• Update	James Clinch (Chair)	20
	– Preparation of draft decision for 3G-H (and potentially 3F), including high level results of the BIT trial		
	• Any other business	Members	20
4	Other		
	• Any other business	All	5

Appendix B – Summary of BIT trial results

Approach

We used a framed field experiment involving a representative sample of around 2,400 Victorian consumers, and using a randomised control trial method. We tested three versions of a new bill plus a bill insert, which we compared with a control for which there was no bill insert. This corresponds to the four arms of the trial. The arms were:

- Arm 1: Control – a new box on the front page of the bill alerting the customer to the fact their retail could have a better offer for them, a dollar estimate of the annual savings, and information about what steps to take to access the offer. The last page of the bill also included more detailed plan information about the alternative offer.
- Arm 2: Bill insert (marketing style) – a bill insert containing information about two alternative, cheaper offers, designed to be eye catching and non-traditional.
- Arm 3: Bill insert (letter style – bill amount) – a bill insert containing broadly the same information, but presented in a letter format and with the alternative total bill amounts (as opposed to the alternatives being expressed as savings). The back page of the bill insert included more detailed plan information about the alternative offer. The front page of the underlying bill is the same design as in the control arm.
- Arm 4: Bill insert (letter style – savings amount) – Identical to arm 3 but the dollar amounts were expressed as savings rather than total bill amounts.

The front page seen by consumers for each of the arms is contained in figure C.1.

The testing provided insight into the potential efficacy of the options by focusing on four main things:

- the customer's comprehension of whether or not they are on the best deal (comprehension)
- the customer's comprehension of the steps required to access the alternative offer (comprehension)
- the customer's stated intentions upon receiving the information (intention), and
- the potential that the consumer would find the new information confusing (confusion).

Figure C.1. Front page seen by trial participants, all four arms

	Your current plan "Easy Saver Plan"	Our cheapest similar plan "Flexi Saver Plan"	Our cheapest plan "Anytime Saver Plan"
Yearly bill without discounts*	\$1,730	\$1,324	\$1,245
Yearly bill with discounts*	\$1,557	\$1,257	\$1,245

	Your current plan "Easy Saver Plan"	Our cheapest similar plan "Flexi Saver Plan"	Our cheapest plan "Anytime Saver Plan"
Without discounts	You pay \$1,730 per year	You could save \$406 per year	You could save \$485 per year
With discounts	You pay \$1,557 per year	You could save \$300 per year	You could save \$312 per year

Results

Comprehension measure 1 – identifying I am not on the best offer

Based on this bill, I am on the best plan for energy for me with this provider;

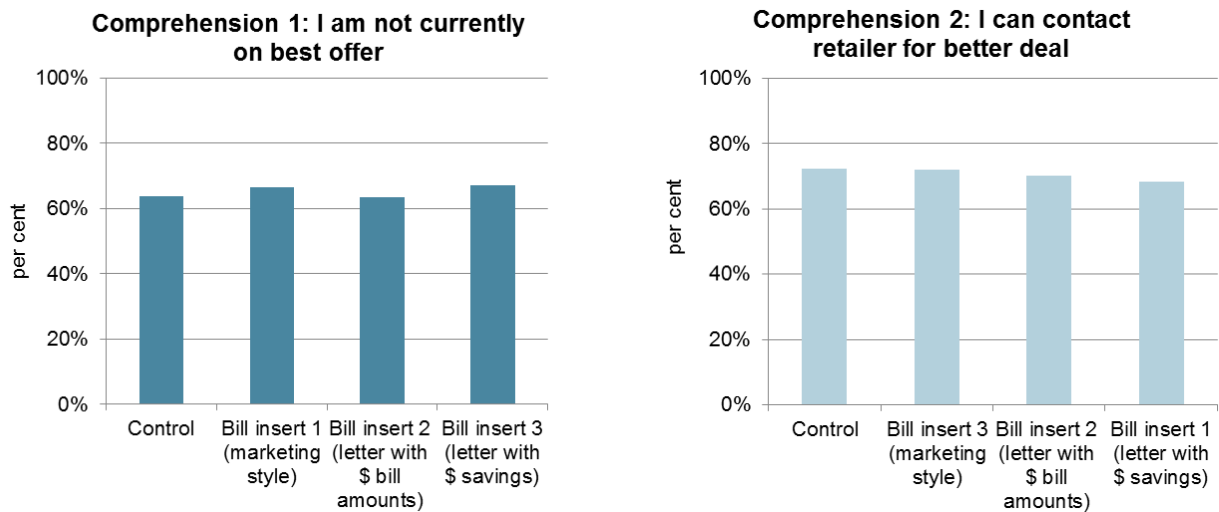
- Yes
- No
- I don't know

Comprehension measure 2 – identifying how to access the alternative offer

The access the best for me with my provider:

- I don't need to do anything; I'm already on the cheapest plan
- I can call my provider or visit their website
- I have to go to the Victorian Energy Compare website
- I don't need to do anything; I will get put on the best deal automatically
- Something else
- I don't know

Figure C.2. Results of comprehension measures 1 and 2, all trial arms



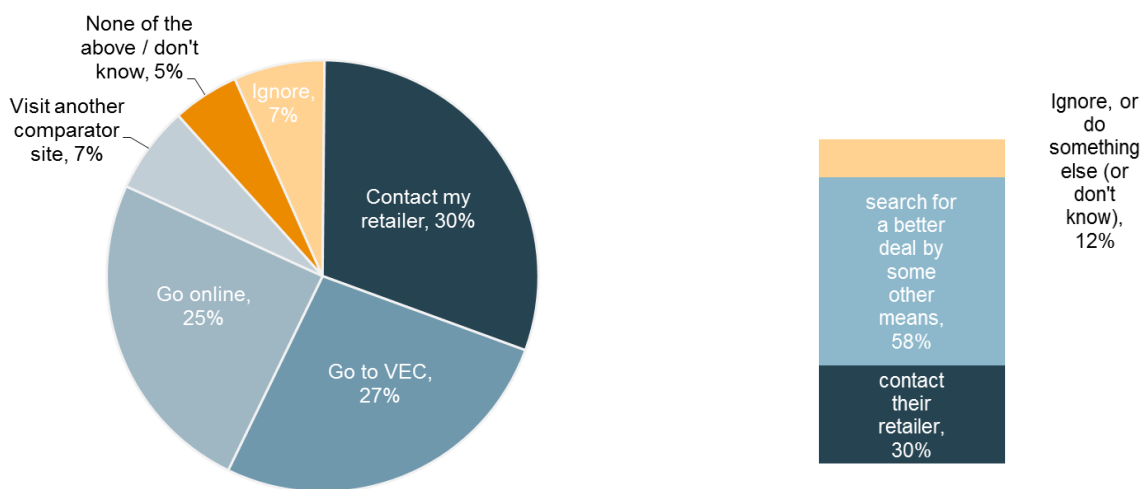
Source: Behavioural Insights Team (BIT)

Intention

On receiving a bill like this, what do you think your response would be?

- *I would pay it and do nothing else/I have a direct debit set up for it to get paid, so would do nothing else*
- *I would visit the Victorian Energy Compare website to try and find a better deal*
- *I would visit a comparison website (but not the Victorian Energy Compare website) to try and find a better deal*
- *I would call my energy provider or go on their website to get a better deal that's mentioned*
- *I would go online and do some research to try and find a better deal*
- *Don't know/none of the above*

C.3 Stated intentions upon receiving a bill containing the retailers best offer



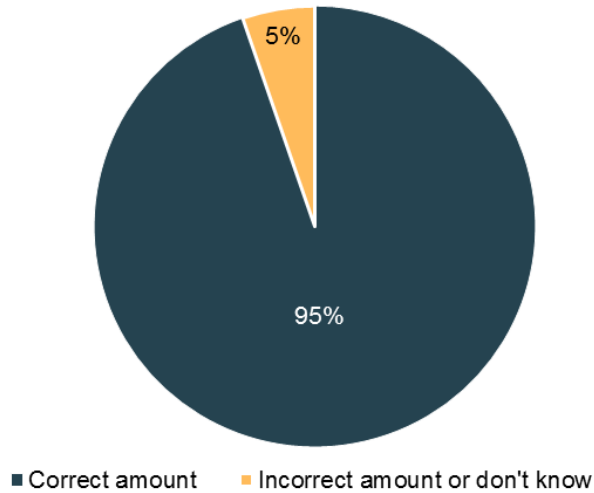
Source: Behavioural Insights Team (BIT)

Confusion

Please take a look at the image of the bill above, and select the amount you would need to pay by 5 July if you want to get a pay on time discount.

- \$365.01
- \$320.01 (correct answer)
- \$485.00
- Some other amount
- Don't know.

C.3 Stated intentions upon receiving a bill containing the retailers best offer



Source: Behavioural Insights Team (BIT)

Minutes

Retail Market Review - Stakeholder Reference Group Meeting #6

Date and Time: 18 September 2018, 3:00pm – 4:30pm

Location: ESC Boardroom, Level 37, 2 Lonsdale Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Elizabeth Molyneux	AGL
Zac Gillam	CALC
Larissa Nicholls	Centre for Urban Research (RMIT)
Phil Gardiner	Onsite Energy Solutions
Geoff Hargrave	Red/LUMO
Emma O'Neill	VCOSS
David Cornelius	DEWLP (observer)
Nic Robinson	DHHS (observer)
James Clinch	Essential Services Commission
Jess Saigar	Essential Services Commission
Sugi Sivarajan	Essential Services Commission

Apologies:

- **Gavin Dufty** St Vincent de Paul
- **Michelle Looi** AER (observer)
- **Michael Benveniste** Powershop
- **Janine Rainer** EWOV
- **David Bryant** Brotherhood of St Lawrence
- **David McInnis** DHHS (observer)

Agenda items

1.1. Welcome & general update

- Project is currently focused on the draft decision with the bills and marketing workstream.

1.2. Competitiveness review

1.2.1. Update

- Working with commissioners on our approach to developing the framework.
- Currently anticipate releasing a single issues paper, currently expected to be released in December.

Questions/comments from stakeholders

Will the ESC be talking to other regulators (such as the ACCC) to try and align the data requests it makes to retailers?

- *We will liaise with other regulators to streamline where possible. We will be consulting on our framework and indicators, and as such have not established what information we will use and the format of the information (i.e. data or policies/procedures etc). So the extent there will be overlap with other regulators' data/information is unknown.*

What information gathering powers will the commission use as part of the review? Would these need to be changed in primary legislation?

- *We will use whatever information gathering powers we have at the time of making the request. We note the ESC already has relatively extensive information gathering powers enshrined in primary legislation – any change to these powers would therefore require legislative change.*

Will the reference price be used in the review?

- *Yes, but how it will be used is not yet settled.*

Any update on the BSO?

- *No update.*

1.3. Bills and marketing

1.3.1. Update on second BIT trial

- Results from the second trial are set out in Appendix B. A full BIT report will be released with the final decision.
- The trial focused on testing variations of the 'control' arm from trial 1, which formed the basis of the draft decision.

- In summary, the trial indicated that:
 - the strongest comprehension results came from a statement based on loss aversion rather than the possibility of savings. The results also indicated lower comprehension if the message was reframed as a question (could you save?) rather than a statement (we could put you on a cheaper plan).
 - Intentions varied between treatment arms more significantly than occurred during the first trial, but that broadly speaking the results were consistent, with customers expressing intentions to take a variety of steps in response to the bill, only one of which was to call their retailer and seek to switch to the deal on offer.
 - Confusion remained very low. 97 per cent of customers were able to accurately identify the amount due on the bill, up from 95 per cent in the first trial.

Questions/comments from stakeholders

What should stakeholders submit feedback on in submissions, the design in the original trial (that was referenced in the draft decision) or the design that produced the best results in trial 2?

- *We will publish the summary of results with the reference group minutes so all stakeholders have access to them. Stakeholders are welcome to comment on the designs in the second trial, given the commission will be considering these results when forming its final decision.*

The wording in the design that produced the best results in trial two could overstate the likelihood of the savings on offer by giving the impression the estimate is more accurate than it is. The placement of the asterisks may not convey the caveat well enough

- *Noted, we will consider this when finalising the wording.*

1.3.2. Responses to the draft decision

Estimating customer's meter data in the absence of 12 months data

- Retailer noted there may be merit in prescribing a methodology to mitigate ACL risk.
 - *Noted. We have received conflicting feedback on this point so will take this into account.*

Definition of best offer

- Retailers noted that the AER's definition of 'generally available' includes offers that are only available to customers who hold certain memberships or qualities, for instance, membership of a football club or being a new customer. There was a concern that if these offers are routinely the cheapest then customers may routinely contact the retailer only to find they need to take extra steps to qualify for the offer (for instance, joining a football club). This may lead to negative customer outcomes. Retailers noted this could be avoided by using the AER's former definition of 'generally available', which excluded such offers, while noting that this brought the additional complication of potentially having two different definitions of generally available in play.

- *Noted. We will consider this. In saying that, one thing the commission will have to bear in mind is the extent to which it shapes the regulatory framework around the current practices in the market. This can be opposed to setting clear expectations for customer outcomes and letting the market reshape its practices around the framework.*
- Stakeholder asked whether the assumption is that controlled load offers would only be compared to other controlled load offers when determining the best offer. Another stakeholder noted their read of the draft decision was that during the best offer calculation only offers with like tariff structures would be compared.
 - *We are still considering how this matter should be addressed in the final decision.*

Dollar threshold for determining best offer

- Retailers of the view that the threshold should be set higher than \$22.
 - *Noted.*

Frequency

- Retailers of the view the commission shouldn't prescribe the specific months the best offer should appear on bills. By allowing the best offer to instead appear 'at least once every six months' or in line with customer anniversaries (ie 6 and 12 months after the commencement of a contract), this would allow retailers to more easily manage the customer communication load by spreading it across the year. It was noted that customers will be informed of any price changes in January and July via the bill change notice that is being introduced at the same time.
 - *Noted.*

Offer to be valid for 13 days after the bill issue date

- Retailers suggested this rule will be operationally difficult because bills are issued on a rolling basis (ie every day) and this would therefore complicate their ability to withdraw offers from the market. Retailers suggested that there was sufficient incentive on the retailer to avoid the negative customer outcome the rule is designed to prevent (of customers calling to obtain the better offer only to be told it is no available). The incentive on retailers is to provide that customer with a good experience lest the customer switches. The contrary view was put that customers may simply be disheartened by such an experience and 're-disengage'.
 - *Noted.*

Clear advice entitlement

- Retailers queried how the clear advice entitlement is to operate through the use of third parties, such as doorknockers and sales channels such as industry comparator website. Retailers queried in particular how third parties would discharge the obligation when they come across existing customers, as this would require them to have access to personal details of the customer, such as their payment history.

- *The expectation is that anyone representing a retailer should be able to fulfil compliance obligations on behalf of the retailer. We recognise this becomes more operationally complex in the case of third parties and will do further analysis of this case.*
- Retailers queried the link between the clear advice entitlement and explicit informed consent, noting that failure to fulfil the obligation would constitute failure to obtain EIC, meaning that the customer transfer would be reversed and the customer would end up back on the offer they had attempted to transfer away from.
 - *Noted.*

Monitoring and reviewing

Stakeholder queried whether the ESC will be reviewing the impact of the changes, and whether this might occur under the auspices of the competitiveness and efficiency review.

- *Yes the commission is intending to monitor the impact of the changes. Some of this may occur within the context of the upcoming review.*

1.4. Other

- No other business was raised.

Appendix A - Agenda

No.	Item	Presenter	Duration
1	Welcome & general update	James Clinch (Chair)	5
2	Competitiveness review		
	• Update	Jessica Saigar (PM)	5
	• Any other business	Members	5
3	Bills & marketing		
	• Update on results of second customer trial	Sugi Sivarajan (PM)	20
	• Receiving stakeholder feedback on draft decision, discussion of key issues	All	45
	• Any other business	Members	5
4	Other		
	• Any other business	All	5

Appendix B – Summary of BIT trial 2 results

Approach

We used a framed field experiment involving a representative sample of around 2,013 Victorian consumers, and using a randomised control trial method. We used a 2x2 design that tested three versions of a new best offer bill message, which we compared with a control bill message. The arms were designed to test the impact on consumers when the headline was framed as a *statement* or *question*, and the offer was framed as a *saving* or *payment*. The front page seen by consumers for each of the arms is contained in figure B.1.

The testing provided insight into the potential efficacy of the options by focusing on four main things:

- the customer’s comprehension of whether or not they are on the best deal (comprehension) - contained in figure B.1
- the customer’s comprehension of the steps required to access the alternative offer (comprehension) - contained in figure B.1
- the customer’s stated intentions upon receiving the information (intention), contained in figure B.2 and
- the potential that the consumer would find the new information confusing (confusion), contained in figure B.3.

Figure B.1. Best offer message seen by trial participants, all four arms

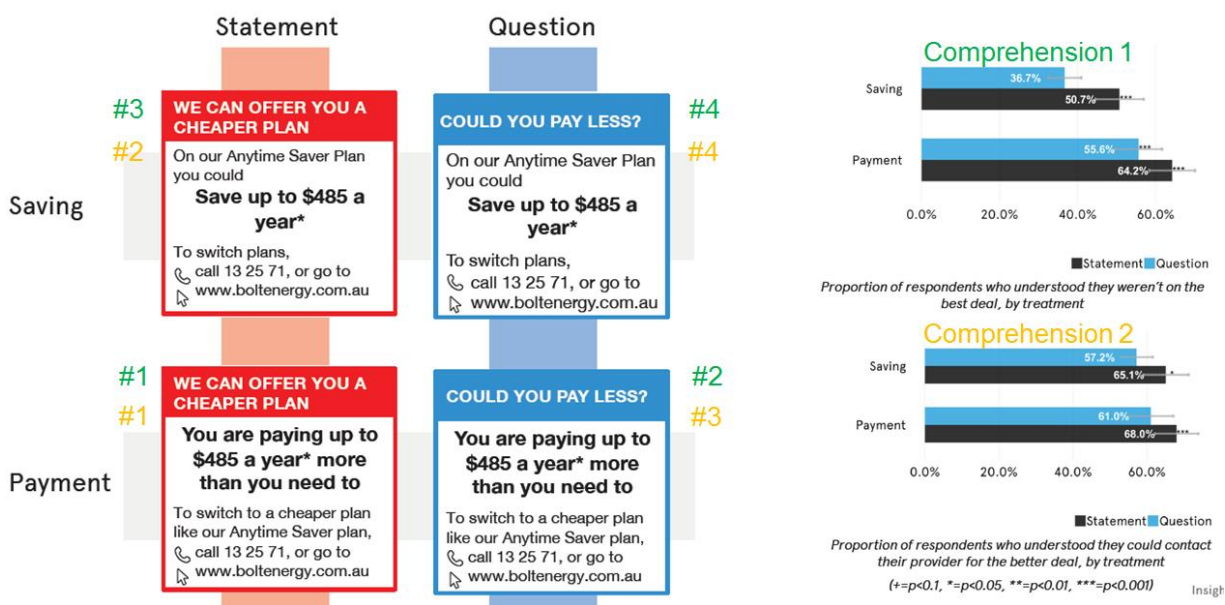
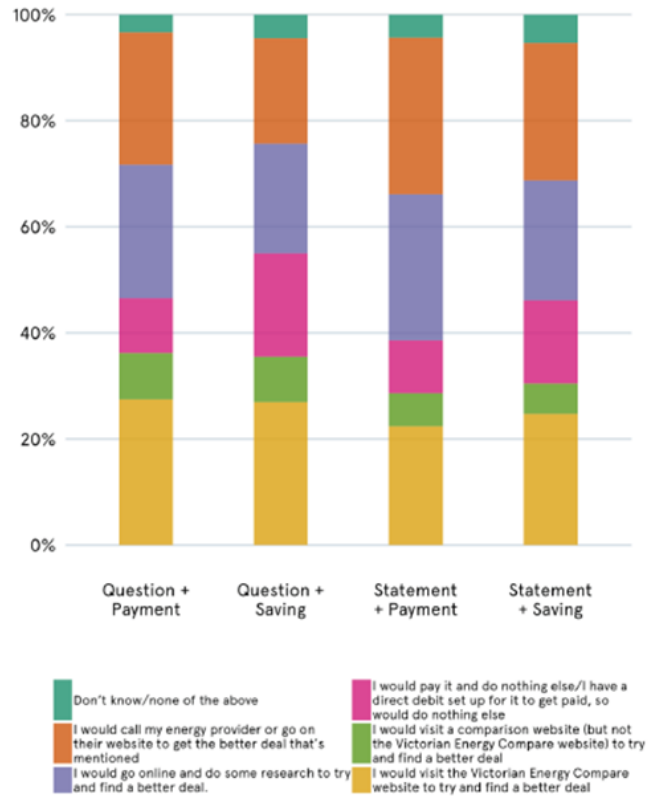


Figure B.2. Intention

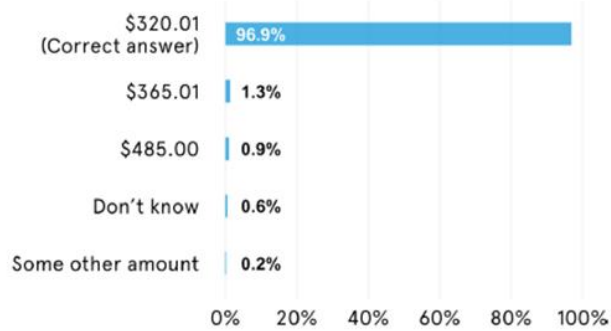
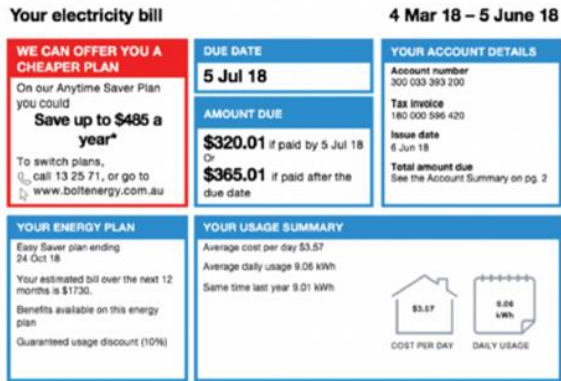
Intention



Responses to "On receiving a bill like this, what do you think your response would be?", comparison between conditions

Figure B.3. Confusion

Confusion



Respondent's answers when asked what they believed the amount to be paid by 5 July 2018 was, aggregated

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Minutes

Retail Market Review - Stakeholder Reference Group Meeting #7

Date and Time: 16 October 2018, 9:30am – 11:00am

Location: Brussels Room, Dialogue Conference Centre, 50 Lonsdale Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Elizabeth Molyneux	AGL
Zac Gillam	CALC
Larissa Nicholls	Centre for Urban Research (RMIT)
Bryn Dellar	Onsite Energy Solutions
Haiden Jones	Powershop
Stefanie Macri	Red/LUMO
Emma O'Neill	VCOSS
Sarah Sheppard	DEWLP (observer)
Adam Collins	DEWLP (observer)
James Clinch	Essential Services Commission
Jess Saigar	Essential Services Commission
Sugi Sivarajan	Essential Services Commission

Apologies:

- **Gavin Dufty** St Vincent de Paul
- **Michelle Looi** AER (observer)
- **Janine Rainer** EWOV
- **David Bryant** Brotherhood of St Lawrence
- **David McInnis** DHHS (observer)

Agenda items

1.1. Welcome & general update

- Project is currently focused on the draft decision with the bills and marketing workstream.

1.2. Competitiveness review

1.2.1. Update

- As per previous update, we are working with commissioners on our approach to developing the framework and currently anticipate releasing a single issues paper in December.
- We are engaging with other regulators to ensure we have a clear understanding of how our pricing outputs (ie the reference price) relate and can be compared to prices established in other jurisdictions.

Questions/comments from stakeholders

Which consultants is the ESC using?

- *FarrierSwier is advising on competitiveness matters, and Frontier Economics is providing wholesale cost inputs as required for the reference price*

Will stakeholders see the reference price method?

- *Yes, either with the issues paper or the draft framework.*

Discussions on reference prices have the potential to get very confusing when there are multiple reference prices (or similar) in the public domain. Beyond the ESC's reference price, there is the AER/national default price plus the prices regulated in other jurisdictions. The commission should be mindful of this when presenting its reports so that it is possible to meaningfully differentiate between these different prices.

- *Noted.*

Member asked when the likely draft and final frameworks would be released.

- *This has not been finalised, but draft is currently likely in Feb/Mar with a final ~8 weeks later.*

1.3. Bills and marketing

- Run through of key issues we're working on in relation to the final decision.
- Our key focus regarding the clear advice entitlement is:
 - Retailer feedback on the impact of requiring retailers to incorporate their knowledge of the customer when discharging their obligations
 - Interactions between the clear advice entitlement and explicit informed consent

- Commission sought further input from stakeholders on potential interactions between the clear advice entitlement (CAE) and the commonwealth consumer data right (CDR).
 - Key feedback from retailers was that in ~18 months the CDR would require retailers to establish a framework for sharing consumer information with third parties. Their concern was the CAE, as drafted, would require them to build a data sharing framework in ~8 months which would then need to be rebuilt in order to comply with the CDR.
- Commission reiterated the principle that the regulatory framework should be constructed around customer outcomes not in order to preserve the existing market arrangements.
 - Retailer member noted the commission must also consider the principle of balancing the costs and the benefits, and that the potential interactions between the CAE and CDR outlined above are likely to produce cost without significant benefit.
- Commission noted that another focus was the presentation (messaging) of the best offer on bills, noting there are some legal issues to work through, and these will influence the final form of words, and the rule around whether offers on bills require a validity period.
 - Consumer group member suggested that if the validity period was removed, then the frequency at which the message appeared on the bill should increase to quarterly.
- Commission noted another focus was the presentation of GST on bills. Some retailers have argued that it is not possible to present GST-inclusive prices on bills that incorporate concessions because concessions are applied to the GST-exclusive amount. Specifically, some retailers argued that it would not be possible to present the information in such a way that customers could verify their concession was applied correctly. Commission noted that we had contrary advice, and that we were considering the matter.
- Commission also discussed stakeholder concerns about the linking of explicit informed consent and the CAE, the challenge of setting a dollar threshold as anything other than \$22, the issues associated with prescribing the timing of the message, and commission's strong commitment to a 1 July 2019 commencement.

1.4. Other

- Member asked whether the commission would be releasing a mark-up version of the energy retail code along with the draft decision.
 - Commission agreed to do this within a few weeks of the release of the final decision.
- Member asked about when the commission would be releasing its workplan for the other recommendations
 - Commission noted it would do this as soon as practically possible.

Appendix A - Agenda

No.	Item	Presenter	Duration
1	Welcome & general update	James Clinch (Chair)	5
2	Competitiveness review		
	• Update	Jessica Saigar (PM)	5
	• Any other business	Members	5
3	Bills & marketing		
	• Update on issues related to the ESC's final decision	Sugi Sivarajan (PM)	60
	• Any other business	Members	15
4	Other		
	• Any other business	All	5

Minutes

Retail Market Review – Stakeholder Reference Group Meeting #8

Date and Time: 20 November 2018, 9:30 am – 11:00 am

Location: Boardroom, Level 37, 2 Lonsdale Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Elizabeth Molyneux	AGL
Jake Lilley	CALC
Larissa Nicholls	Centre for Urban Research (RMIT)
Janine Rainer	EWOV
Bryn Dellar	Onsite Energy Solutions
Michael Benveniste	Powershop
Stefanie Macri	Red Energy
Paula Cosgrove	DEWLP (observer)
Michelle Looi	AER (observer)
Sarah McDowell	ESC
Sugi Sivarajan	ESC
Jessica Saigar	ESC
Michelle Flanagan	ESC

Apologies:

- Emma O’Neill (VCOSS)
- Gavin Dufty (St Vincent de Paul)
- David Bryant (Brotherhood of St Lawrence)
- David McInnis (DHHS - observer)
- James Clinch (ESC)

Agenda items

1.1. Welcome and general update

- Reminder of current caretaker period – all discussion must be on existing government policy. No election policies to be discussed.

1.2. Competitiveness review

1.2.1. Update

- We are working with commissioners on our approach to developing the framework and currently anticipate releasing a single issues paper following the election in December.
- We've had some productive discussions with the commission on what competition means and how we can measure effectiveness. We've also had preliminary discussions with the AEMC on price trends, innovation and outcomes for customers.

Questions/comments from stakeholders

Is the commission having a forced shut down over Christmas?

- *No, however some staff may take annual leave during this time.*

What are the anticipated timeframes for next steps and how early will this be communicated to the industry?

- *The Terms of Reference sets out that the competitiveness review needs to be completed by 31 December 2019. The commission is mindful of allowing the industry time to respond adequately to data/information requests. We will confirm what this landscape looks like post-election.*

1.3. Bills and marketing

1.3.1. Update on our approach to next round of code changes associated with AEMC rule change and remainder of Recommendation 3

- *AEMC rule change on estimated meter reads*: the commission is reviewing current final rule requirements and considering its position with regards to the AEMC rule change on (estimated) customer self-reads. We see benefits for consumers in aligning with the national framework and will be reviewing the Energy Retail Code to develop draft amendments to adopt the rule change in Victoria.
- *Recommendation 3A (Require retailers to market their offers in dollar terms, rather than as percentages or unanchored discounts)*: at this point in time we propose to consider this recommendation separately in 2019. We propose waiting for clarity over VDO/approach to

reference price in the market before attempting to resolve the issue of how discounts are presented.

- *Recommendation 3B (Where the retailer knows the actual usage profile for a specific customer, the marketing to that customer to be based on the estimated annual costs of the offer for that customer, and \$ costs if conditions attached are not met):* the clear advice entitlement requires retailers to ensure customers are aware of the dollar cost implications of all terms and conditions that influence the cost of the contract. Therefore, we are considering no additional changes the regulatory framework to give effect to this recommendation.
- *Recommendation 3C (The ESC to develop a small number of typical customer usage profiles {3-4} for use in standardised marketing material (for 2,000 kWh, 4,000 kWh, 6,000 kWh per year).* The AER has conducted significant research into usage profiles and found that customers value a quick way to compare offers through the development of factsheets that include usage profiles. We propose to draw on the AER and Acil Allen's research in usage profiles and explore how we can adopt a similar approach for Victorian consumers for use in factsheets (as per rec 3E) and marketing material (as per rec 3D)
- *Recommendation 3D (Marketing of prices to appear in a standardised format and display the actual annual cost for the 3-4 standardised customer usage profiles. Annual energy costs for the standardised customer usage profiles to be the comparison rates in marketing materials.)* How usage profiles are used in marketing is an area we propose to consult on. In order to incorporate annual plan cost information in marketing we need to resolve a number of issues, such as the profile best suited to advertising – e.g. average of all types of customers, or typical usage profile for medium customer, the form/content of the statement and whether there are legal or behavioural insights we should consider, the scope of requirement – would it apply to all marketing channels and how discounts are represented in annual plan cost information.
- *Recommendation 3E (The ESC to develop a standardised format for retailer information disclosure and marketing materials.* We are considering drawing on the AER and Acil Allen's research in usage profiles, and apply usage profiles in a similar way in Victoria in information disclosure. We envisage this would replace the current PPIS with a factsheet based on the AER's design that contains key facts about the offer and a small, medium and large annual cost estimate of the offer.
- We propose the next round of code changes associated with the remainder of Recommendation 3 to also incorporate the AEMC rule change on estimated meter reads in one draft decision.
- At this stage we are proposing on developing a draft decision that has high level policy decisions that relate to adopting a similar approach to the AER with usage profiles, and how these have been used in fact sheets and marketing offers. We are likely to commence consultation and seek stakeholder feedback on the matters we need to consider in developing our approach.

- We will commence our consultation on our approach and high level decisions by releasing our draft decision on the remainder of Recommendation 3 and the AEMC rule change on estimated meter reads in the week of 17 December. Given the Christmas break, we will have a 7 week consultation period, with the aim to develop a final decision, where feasible by the end of March.

Questions/comments from stakeholders

Would this approach to benchmarking be applied to gas as well as electricity?

- *The Acil Allen report on [Energy Consumption Benchmarks \(October 2017\)](#) included both gas and electricity benchmarks for residential customers.*

Members were supportive of the approach to the next round of code changes but questioned the reason for making a draft decision, rather than a consultation paper.

- *Commission noted that at a high level we are seeking stakeholder's feedback on our approach to align our requirements with factsheet requirements in the national framework. There is still some level of technical detail that we need to work through regarding the specifications of how the factsheets can be produced but we consider these issues can be worked through in the coming months through a separate technical process. One consideration may be to get the technical people from VEC and AER to a workshop session to work through the details with the reference group and further understand the issues that need to be resolved to implement the recommendation.*
- *Members were supportive of a meeting that had the technical experts from VEC and the AER, as they considered that the implementation would be reliant on VEC's capability to support the delivery of the recommendation.*

1.4. Other

- Members were asked about the usefulness of reference group meetings and that the commission is seeking feedback on the group and areas for improvement via a survey.
- Members asked about the continuation of the reference group into 2019.
 - *Commission confirmed that another meeting will be scheduled for December 2018. The Terms of Reference for the reference group will be reviewed and we would seek to consult on options for the group's formation in 2019.*

Appendix A - Agenda

No.	Item	Presenter	Duration
1	Welcome & general update	Sarah McDowell (Chair)	5
2	Competitiveness review		
	• Update (including on timing, where known)	Jessica Saigar (PM)	10
	• Any other business	Members	5
3	Bills & marketing		
	• Approach to remaining elements of recommendation 3 (including wrt to timing, where known)	Sugi Sivarajan (PM)	30
	• Any other business	Members	15
4	Other		
	• Any other business	All	5

Minutes

Retail Market Review – Stakeholder Reference Group Meeting #9

Date and Time: 18 December 2018, 9:45 am – 11:15 am

Location: Brussels Room, Dialogue Conference Centre, 50 Lonsdale Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Jake Lilley	CALC
Larissa Nicholls	Centre for Urban Research (RMIT)
Janine Rainer	EWOV
Bryn Dellar	Onsite Energy Solutions
Michael Benveniste	Powershop
Stefanie Macri	Red Energy
David Bryant	Brotherhood of St Lawrence
Emma O'Neill	VCOSS
Paula Cosgrove	DEWLP (observer)
David McInnis	DHHS (observer)
James Clinch	ESC
Aaron Yuen	ESC
Jessica Saigar	ESC
Asanga Seneviratne	ESC

Apologies:

- Gavin Dufty (St Vincent de Paul)
- Elizabeth Molyneux (AGL)
- Michelle Looi (AER – observer)
- Sugi Sivarajan (ESC)

Agenda items

1.1. Welcome and general update

- Introduction of Aaron Yuen, Senior Regulatory Manager, Energy Reform and Analysis who will oversee the retail market review at the commission.

1.2. Competitiveness review

1.2.1. Update

- No updates to report on the current competitiveness review

Questions/comments from stakeholders

Are there any updates in regards to competitiveness review?

- *The Terms of Reference sets out that the competitiveness review needs to be completed by 31 December 2019. We are mindful of allowing the industry time to respond adequately to information requests. Further information regarding timeframes will be provided in the new year.*

Will an issues paper have a six-week period for consultation?

- *We do not anticipate any change to our consultative approach for papers and decisions related to the competitiveness review.*

Will the commission be issuing any requests for information to retailers in the near future?

- *We are yet to confirm the timing of any information requests.*

Members suggested that the commission follow the data request methodology used by the ACCC by issuing drafts of any information request to retailers prior to making a formal data request. It was suggested this would allow the retailer's internal data staff to comment on the viability of such data requests and ensure consistency across datasets that retailers can provide.

- *We are currently in discussion with the ACCC and QCA related to processes relating to data collection and information requests.*

How complementary will the commission's measures be alongside that of the ACCC?

- *We recognise the possible duplication in measures outlined by the ACCC, and use any published information to inform the review.*

1.3. Bills and marketing

1.3.1. Update issues related to ESC's draft decision

- The commission's Draft Decision on Recommendation 3 of the retail market review and Estimated Meter Reads was released at 9 AM on 18 December 2018. A brief overview of the Draft Decision was provided to members, as per the wider stakeholder briefing.

Questions/comments from stakeholders

Is it appropriate to use the AER Energy Consumption Benchmarks for the basis of a Victorian factsheet if Victorians typically use much more gas than consumers elsewhere in Australia?

- *These characteristics are already incorporated in the AER benchmarks given they already contain a number of benchmarks for households across Victoria.*

Will there be any amendments to the marketing code?

- *The commission acknowledges the challenge of implementing any such amendments in time for the implementation deadline following the Final Decision. Regarding retailers' ability to fulfil deadlines, the commission notes that the proposed factsheet's integration with Victorian Energy Compare is dependent on decisions made by the Department of Environment, Water, Land and Planning. These decisions will be considered by the commission when determining the requirements for retailers to create fact sheets.*

Why was the Draft Decision released without draft code amendments?

- *The commission initially set out its overarching policy, which will be followed by appropriate code amendments.*

Will there be separate consultation sessions on the proposed code amendments?

- *As outlined in the Draft Decision, we will initiate a separate technical consultation on code amendments and technical matters (such as methodologies). It should be noted that the Draft Decision document outlines the guidelines published by the Australian Energy Regulator (AER) with similar practices and approaches.*

Members suggested that the commission consider implementing a separate short consultation period prior to finalising rule changes and raised the example of the AEMC's consultation on the amendment to preventing discounts off inflated rates which ran for one week prior to its final decision. Members suggested this could allow for a second draft on the proposed rules changes to be taken forward to a final decision.

Members raised concerns that if factsheets were not produced using an integrated tool based on existing Victorian Energy Compare systems, a retailer would instead require a fundamental rebuild of retail systems to produce the desired output. If this was the case, members expressed concerns of meeting the proposed July deadline for implementation of new

factsheets given a number of existing projects in their development pipeline. Members also noted that any development costs will be passed back onto customers and this is applicable across all retailers.

- *The commission highlighted that the national precedent is a free service offered by the AER via the Energy Made Easy (EME) website, and was provided by the government to avoid costs for retailers and standardise instruments. It was emphasised that there are a few examples where an industry-wide tool is developed by a regulator (as in the case with the BPID generated via EME), and members should be aware of this context.*

Members noted that Victorian Energy Compare currently creates the Victorian price fact sheets and suggested that if a free service model is not implemented for the creation of the new fact sheets that there should be a full cost-benefit analysis of the proposed system.

Will embedded networks be integrated to allow customers to consider where they sit in relation to the market?

- *The commission made a previous decision related to embedded networks, and this can be revisited in time.*

Will the commission amend the commencement dates if retailers are required to develop their own systems for the creation of fact sheets?

- *As indicated in the Draft Decision, the commission have not stated any change to the commencement date, but acknowledge retailers' circumstances.*

Does DEWLP have budgetary capacity to be able to develop capacity within VEC for the creation of retailer fact sheets?

- *We cannot comment on the budget and capacity of DEWLP.*

1.3.2. Any other business

- A member raised other topics related to embedded networks and the implementation of the payment difficulty framework. These topics were outside the terms of reference of the Stakeholder Reference Group and were not discussed further.

1.4. Future of the reference group

1.4.1. High level survey feedback and next steps

- A short overview of the results from a survey to members, which found that the monthly frequency of meetings was appropriate, the discussions were effective and the agenda was adequate. However, members suggested that the use of minutes could be improved, that there be greater consideration of customer views, and that there be flexibility in varying the length of meetings based on the agenda or topics of discussion.

Further discussion on the future of the Stakeholder Reference Group

What did members find most useful as part of this group?

- Members found that the group was a good forum to discuss the details of proposed changes in relation to both customers and retailers. This is particularly relevant to discussions relating to the previous draft decision, where it was difficult in larger forums to have substantive discussions on complex issues and specific details.
- Members appreciated the opportunity to explore proposed changes in detail.
- Members suggested that a one-page summary provided in advance of a meeting, detailing the issues that the commission intends to raise, will enable effective conversations within the group. It is important that meetings allow for discussion of any confidential matters, but it is important that all members are fully informed to be able to discuss all matters.
- Discussions were difficult during the government caretaker period.
- Members raised concerns that other non-member organisations may have concerns of not being able to access information provided by the commission in reference group meetings. Members suggested providing more details of discussions in the minutes.

Should the format of meetings be altered?

- Members suggested that the focus of the Stakeholder Reference Group could be broadened to discuss new technology and industry trends (such as solar, energy storage and pricing), or implementation matters such as those related to the payment difficulty framework or the commission's work on family violence. However, some members expressed concerns that this approach could lead to discussions that are too broad, and could prevent detailed discussions of proposed changes related to the retail market review.
- Members suggested there be greater involvement of government departments. Members noted that other external reference groups benefited from having government departments involved – particularly in understanding the intentions of policy decisions.
- Members reflected that the earlier parts of meetings is often a time for commission to provide information to members. However, it is important to ensure that the meeting should also be facilitated to allow discussion so that all members can contribute.

Is there an adequate balance of stakeholder representation and contributions?

- Dependent on the forward work program, there may be benefits in including new members with strong technical skills (as there may be knowledge gaps in areas such as emerging technologies). For example, a representative from a network business may be useful. However, some members suggested that it was unnecessary to include technical-focussed members, particularly if the focus of the reference group was on the retail market review,.
- *We acknowledged members' feedback, as the commission considers the structure and scope of the Stakeholder Reference Group in 2019.*
- *A reference group meeting is to be conducted in January 2019.*

Appendix A - Agenda

No.	Item	Presenter	Duration
1	Welcome & general update	James Clinch (Chair)	5
2	Competitiveness review		
	• Update	Jessica Saigar (PM)	5
	• Any other business	Members	5
3	Bills & marketing		
	• Update on issues related to the ESC's draft decision	Sugi Sivarajan (PM)	15
	• Any other business	Members	15
4	Future of the reference group		
	• High level survey feedback and next steps	Aaron Yuen	10