

Minutes

Retail Market Review – Stakeholder Reference Group Meeting #15

Date and Time: Tuesday 18 June 2019, 9:30 am – 11:00 am

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

Present:

| Name | Organisation |
|--------------------|----------------------------|
| Ben Barnes | AEC |
| Bronwyn Jennings | AER (observer) |
| Elizabeth Molyneux | AGL |
| David Bryant | Brotherhood of St Laurence |
| Jake Lilley | CALC |
| Sarah Shepherd | DEWLP (observer) |
| Nathan Crombie | DEWLP (observer) |
| Aaron Yuen | ESC |
| Sugi Sivarajan | ESC |
| Dean Wickenton | ESC |
| Asanga Seneviratne | ESC |
| Zac Gillam | EWOV |
| Larissa Nicholls | Monash University |
| Phil Gardiner | Onsite Energy Solutions |
| Alan Love | Powershop |
| Stefanie Macri | Red Energy |
| Gavin Duffy | St. Vincent de Paul |
| Susan Quinn | VCOSS |

Apologies:

- Bryn Dellar (Onsite Energy Solutions)
- David McInnis (DHHS) (observer)

Agenda items

1.1. Welcome and general update

- Our work over the previous month has focused primarily on the development of our recommendation 4 reforms, implementation of new rules that will come into effect on 1 July 2019 and the second phase of the VDO.

1.2. Pricing

1.2.1. Victorian Default Offer (VDO)

- The next iteration of the VDO will be implemented from 1 January 2020. We are required to make a final determination by 25 November 2019. The same high level process will be used for the first version of the VDO, using a cost stack approach.
- We will release an issues paper in July outlining a proposed process, methodology and key dates, and seek submissions.
- We received positive feedback from stakeholders on the overall consultation process including the public forum and one-on-one discussions.

Questions/comments from stakeholders

Members noted the importance of the availability of one-on-one consultations and staging the timing of public forums so they can send the appropriate representative e.g. the first workshop to focus on wholesale costs and then progress step by step through the methodology.

Embedded networks don't currently have price caps, what is the commission's view on this?

- The government has asked us to establish prices for embedded networks. We will update you as we progress this work.

Members suggested any data requests should be made sooner than later and consider alignment with ACCC 2018-19 data requests to retailers.

- This was noted and we are in already in discussions to understand the data currently being collected by the ACCC.

1.3. Bills & marketing

1.3.1. Update

- We released our final decision on Consequential amendments related to the Victorian Default Offer on 13 June 2019 which completes the bills & marketing area of our work.

1.3.2. Implementation of reforms from 1 July

- Retailers noted that implementation of the new reforms has been challenging with regulations still being released in early June. A number of retailers noted that the regulations could be implemented by retailers in different ways.
- Some retailers requested that some guidance may be useful on typical scenarios that the new reforms could work with the VDO when interacting with consumers.

1.3.3. Feedback on stakeholder engagement process

- Feedback on the engagement process for the best offer decision was positive with appropriate timelines to discuss difficult issues.
- The energy fact sheet decision involved two processes and took too long to implement. Retailers expressed that the final decision could have been fast tracked after the high-level decision was released.
- The VDO consequential amendments were made too late, in June.
- There are now two distinct drafting styles in the code, as a result of the new sections introduced.
- The Stakeholder Reference Group has been quite a helpful group, with both retailer and consumer groups helping to provide a rounded view on issues. It was also useful having representatives from the Department of Environment, Land, Water & Planning.
- Going forward, the reference group prefers further discussion on topics, rather than information sharing (depending on time and needs).

Questions/comments from stakeholders

Is there a communications plan for the reforms being implemented on 1 July?

- We have developed a campaign with simple messaging focused on the new energy rights available to consumers. This will be broadcast via multiple distribution channels including local and social media from the 24 of June 2019 for four weeks.

1.4. Clear and fair contracts

1.4.1. Update

- We conducted a workshop on 17 of June 2019 to explore the implementation options for recommendations 4A-4E and 3A. Key reflections raised by stakeholders were:
 - How the recommendations will interact with other reforms, in particular the VDO that will be implemented on 1 July 2019.
 - Uncertainty on how discounting practices may evolve beyond the implementation of new rules on 1 July 2019.
 - Consumer groups continued to see a strong need for the consumer protections that the recommendations seek to create.

- Retailers were particularly interested in having a discussion on what the desired outcome and underlying problem is for recommendation 4. Retailers believed the stakeholder workshop was too heavily focused on options to implement the recommendation.

Questions/comments from stakeholders

Members remained concerned about the effect of expired benefit periods on a significant number of Victorians who had not switched retailers in the last 5 years. It is still important to continue to find solutions for those who do not engage.

Members noted that there may be an opportunity to complete a once-off check of customers who may be on expired benefit periods opposed to introducing an entirely new reform given different retailers have different roll over strategies.

1.5. Other

1.5.1. Recommendations 8 & 9

- We are currently developing our approach to implementing the terms of reference related to recommendation 9, seeking to complete a review of the Energy Retail Code by the end of 2019. As planned, by 31 December 2019, the Energy Retail Code would have been significantly changed to have a focus on customer outcomes.
- As per the terms of reference related to recommendation 8, we intend to develop a framework to understand how we could assess competitiveness prior to 31 December 2019, with stakeholder consultation. We also noted that we are required to report on the performance of energy businesses through our Victorian Energy Market Report. This report remains relevant but its content and structure may change over time.

Questions/comments from stakeholders

Retailers and consumer groups agreed that the industry and stakeholders should take time to implement recommendation 8 and 9 thoroughly, and suggested a staggered implementation timeline over a number of years. Members stressed the importance to ensure the review of all energy codes and of competition are not rushed and that the updated regulatory framework is fit for purpose.

Members also requested a high level timeline of our reform work program.

1.5.2. Any other business

- There was no other business raised by members.

Appendix A - Agenda

| No. | Item | Presenter | Duration |
|-----|---|-------------------------------|----------|
| 1 | Welcome & general update | Aaron Yuen (Chair) | 5 |
| 2 | Victorian Default Offer (VDO) | | |
| | • Update | Dean Wickenton (SRM) | 10 |
| | • Any other business | Members | 10 |
| 3 | Bills & marketing | | |
| | • Update | Sugi Sivarajan (PM) | 5 |
| | • Any other business, including implementation of reforms from 1 July | Aaron Yuen (Chair) Members | 10 |
| 4 | Clear & fair contracts | | |
| | • Update | Aaron Yuen (Chair) | 10 |
| | • Any other business | Members | 10 |
| 5 | Other | | |
| | • Recommendations 8 and 9 | Aaron Yuen (Chair) | 10 |
| | • Any other business | All | 10 |