



# **Work Program 2014-15**

July 2014 edition

# Introduction

The Essential Services Commission (the Commission) is Victoria's statutory **independent economic regulator**, operating under the *Essential Services Commission Act 2001*.

Our **Mission** is to promote the long-term interests of Victorian consumers.

The Commission has three primary functions:

- **Regulatory:** The regulation of 'essential services' supplied by the energy, water, taxis, ports and rail freight industries, together with roles in domestic building insurance and tow trucks
- **Advisory:** The provision of advice to the Victorian Government on a range of regulatory and other matters
- **Energy Efficiency:** The administration of the Victorian Energy Efficiency Target (VEET) scheme

We bring to the regulatory and economic framework:

- Specialist expertise in economic and regulatory matters (such as pricing, cost and efficiency assessment, benchmarking and design of incentive frameworks)
- Well-developed processes for engaging stakeholders and public consultation
- Ability to gather and critically evaluate information and
- Recognised impartiality and independence.

The Commission maintains relationships with similar regulators operating federally and at State level, including the Australian Energy Regulator and the Australian Competition and Consumer Commission.

At a Victorian level, we work closely with other State-based agencies that also operate in industry sectors under our review. These agencies include the Environment Protection Authority, Consumer Affairs Victoria, Energy Safe Victoria and the Victorian Competition and Economic Commission.

We are funded through the Victorian Department of Treasury and Finance, and report to the Minister for Finance. In the energy, ports and water sectors we recommend licence fees and we impose registration fees for each energy efficiency certificate. All revenue is collected by Government.

# Work program by industry sector

## Energy

During 2014-15 we will continue to administer the Victorian Energy Efficiency Target (VEET) scheme and, at the same time, we will prepare a plan for the VEET scheme to close at the end of the calendar year 2015, as recently announced by Government.

We will continue our compliance and performance reporting roles with energy businesses. Our audit program will be expanded to include distribution businesses, as well as retail businesses.

Ongoing activities include considering and granting energy generation, transmission, distribution and retail licences, providing customer information and investigating referrals from the Energy and Water Ombudsman (Victoria).

We will be introducing a new energy retail code which has been harmonised, as far as practicable, with the National Energy Customer Framework.

As well, we will review regulatory instruments for distribution businesses, with the aim of removing any duplication with the Australian Energy Regulator.

<b>Project</b>	<b>Description</b>	<b>Commencement/ completion</b>
Victorian Energy Efficiency Target (VEET) scheme	Accredit participants, register certificates, publish electronic registers; auditing and compliance	Ongoing
VEET Scheme Annual Performance Report	Compile annual report on the operation and administration of the VEET scheme	Q1
VEET Scheme Transition	Prepare and implement plan to transition ESC's VEET administration activities to meet Government legislative requirements	Q1-Q4
Customer education and information	Provide advice and information to consumers through the <i>YourChoice</i> website, call centre services and associated communications	Ongoing
Energy and Water Ombudsman (Victoria)	Liaise with the Energy and Water Ombudsman (Victoria) on energy issues, as outlined in the joint Memorandum of Understanding	Ongoing
Licensing	Review, develop and administer the licensing regime – review licence applications.	Ongoing
Retail business audits	Undertake audits of energy retailers for compliance with licence and AMI obligations	Q1-Q4
Distribution business audits	Undertake audits of energy distributors for compliance with licence and AMI obligations	Q1-Q4
Review of distribution regulatory instruments	Undertake a review of distribution regulatory instruments to identify and remove areas of duplication with AER	Q1-Q4
Wrongful Disconnection Payment Assessments	Review Wrongful Disconnection Payment referrals from the Energy and Water Ombudsman (Victoria)	Q1-Q4
Energy retail price monitoring and reporting	Prepare and publish price monitoring reports on retail competitive offers	Q2
Customer service performance reporting	Release customer service performance report	Q1-Q2
Energy retail compliance and enforcement	Prepare annual report on retailers' compliance with regulatory obligations	Q2
National regulatory framework	Implement Harmonised Energy Retail Code including consequential changes to all energy codes and guidelines	Q1-Q2

# Water

During 2014-15 we will begin preparations for the next review of prices for Goulburn-Murray Water, which is regulated under the Commonwealth's Water Charge Infrastructure Rule.

We will continue to respond to any finding coming from the Independent Reviewer's Review of the water sector economic regulatory framework, and we will implement the Government's response to the Review.

In addition, we will report on the ongoing performance of the urban water businesses in metropolitan and regional areas.

<b>Project</b>	<b>Description</b>	<b>Commencement/ completion</b>
Approach to financeability	Complete the review of our on our approach to financeability assessment in the water sector	Q1
Guidance for paper Goulburn-Murray Water – price review for 4th regulatory period	Release guidance papers for the next price review of Goulburn- Murray Water	Q1
Water sector productivity	Release updated research report on productivity in the Victorian water sector	Q1
Improving regulatory process	Continue to respond to the review of regulatory framework, and implement findings from the review, which have been endorsed by Government.	Q1-Q2
Annual compliance audits and urban water performance reporting	Report on the annual performance of all metropolitan and regional urban water businesses, using reported data from our performance reporting framework. Contribute data to national reports.	Q2
Additional hardship expenditure – broader metropolitan area	Release report on additional hardship assistance provided by the metropolitan water businesses	Q2
Review of regulatory accounts	Undertake a review of the regulatory accounts for all water businesses	Q2-Q3
Annual tariff approvals	Approve prices for 2015-16	Q4

## Transport and other industry sectors

In 2014-15, the focus of our transport work is on taxis, accident towing, the implementation of the 2014 ports review recommendations and the extension of the existing rail freight access arrangements.

We now have an ongoing function to determine taxi fares for the metropolitan and urban and large regional taxi zones every two years. On 1 July 2014 we make our first taxi fare determination. We expect to complete our next taxi fare review by December 2015. For the regional and country taxi zones, we commence a monitoring role and will publish an annual monitoring report by June 2015. We are also examining whether to undertake a review of the electronic taxi fare payment during the financial year.

A major 12 month review of accident towing and storage commences in August 2014. This will be a comprehensive review of the economic regulatory arrangements for the Victorian accident towing and storage industry.

Pending passage of the relevant rail legislation, we expect to extend the current freight access arrangements for a further two to three years to allow further streamlining of the regulatory framework by the Department of Transport, Planning and Infrastructure.

We expect to implement the Victorian Government's response to our five yearly ports review completed in June 2014.

In the interim, we continue to administer the regulatory frameworks for the ports and rail access sectors and resolve any disputes regarding rail access. Further inquiries and requests for advice into particular industry sectors may also be referred by the Victorian Government during the financial year.

Project	Description	Commencement/ completion
Taxi Price Review	Determination of Taxi Fares for Metropolitan and Urban and Larger Regional Taxi Zones	Q1
Taxi Monitoring	Release of ' <i>Monitoring Report for the Regional and Country Taxi Zones</i> '	Q4
Electronic Taxi Fare Payment Review	Release of Final Report	TBA
Review of Accident Towing	Release of Draft Report	Q4
Extension of Freight Rail Access Arrangements	Consultation and decision to extend the current freight rail access arrangements for a further two to three years	Q1