

18 June 2021

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

Lodged via EngageVictoria

Dear Commissioners,

**Re: Getting to fair: breaking down barriers to essential services – draft strategy**

Simply Energy welcomes the opportunity to provide feedback on the Essential Services Commission's (Commission) draft 'getting to fair' strategy.

Simply Energy is a leading energy retailer with over 750,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

Consumers with difficulty paying their energy bills will likely also be facing difficulty with paying for other essential services. In that context, Simply Energy supports the Commission's proposal to set a consistent approach to addressing barriers for vulnerable consumers across all the sectors it regulates.

Simply Energy's submission provides feedback on the importance of identifying the appropriate body to provide any additional support (whether that is the Commission, energy retailers, or government) based on a transparent assessment of the costs and benefits. Simply Energy would also support the Commission reviewing the effectiveness of its recent retail energy reforms and considering whether the Energy Retail Code could be better aligned with the National Energy Customer Framework.

**Vulnerable consumers will be best supported when industry, government and the regulator are aligned**

The draft strategy clearly identifies several problems that consumers can face in accessing essential services. However, it is disappointing that the Commission did not engage more closely with industry stakeholders in the development of the draft strategy. Simply Energy suggests that the Commission's draft strategy would have been more robust if it had considered feedback from all relevant stakeholders. As a key provider of support to vulnerable consumers, energy retailers have important perspectives on the issues faced by vulnerable consumers and the support that these consumers are currently receiving.

To make meaningful changes to improve outcomes for vulnerable consumers going forward, Simply Energy considers that it is critical that the Commission, the Victorian Government, and industry participants are all committed to doing their part to support these consumers. It would be a missed opportunity if the government was not committed to improving the access and value of financial support for vulnerable Victorians, as this is likely to be the key improvement that would tangibly benefit vulnerable consumers.

Simply Energy considers that the Commission should place particular emphasis on its 'goal seven', as this will enable the development of policy responses that address the source of the consumer vulnerability rather than relying on sector-specific solutions. Support from energy retailers should complement any broader government policy action on consumer vulnerabilities. Simply Energy recognises that the Commission has only limited levers to improve outcomes for vulnerable consumers but addressing vulnerability solely through new obligations on industry is unlikely to be the most effective solution.

When implementing the strategy, it is important that the Commission seeks to identify the underlying cause of each problem, so that appropriate action can be taken to address the problem. For example, a problem may be due to an issue with the application of government support schemes, the Commission's regulatory framework, or with retailers' systems and processes.

### **Stakeholders should be provided transparent information on the costs and benefits of any new obligations**

While it is clearly important to support customers when they have difficulty paying their bills, it is not costless for retailers to provide enhanced protections and support to vulnerable customers. These additional costs are ultimately borne by all Victorian energy consumers through higher energy charges.

When consulting on any additional obligations, the Commission should provide all stakeholders with information on the expected costs and benefits of that additional support. Transparent information would aid stakeholder discussions around whether new support measures for vulnerable consumers are more effectively provided by energy retailers or by the government.

Where additional support is best provided by energy retailers, information on costs and benefits can also guide consultation on the different support options that could be implemented.

### **The final strategy would benefit from discussion of recent retail energy market reforms**

The Commission has recently sought to improve consumer engagement in the retail energy market through reforms to help consumers to better understand their energy bills and contracts and to make it simpler for consumers to compare the price of contracts amongst retailers. Simply Energy suggests that the final strategy include more information on these recent steps that the Commission has taken to address consumer disengagement, low levels of trust, and inaccessible communications.

As these reforms are still relatively new, it will be some time before there is evidence of whether the reforms have improved consumer outcomes. Before considering any new reforms, the Commission should review the effectiveness of the recent retail energy market reforms to understand whether these are addressing problems faced by Victorian consumers (including vulnerable consumers).

### **Consistent regulation across jurisdictions would improve consumer outcomes**

In relation to the payment difficulty framework, the Commission has referenced anecdotal evidence of issues with the application of the framework by some retailers. While any individual issues of retailer non-compliance should be addressed, the draft strategy does not provide evidence that there are systemic compliance issues with the payment difficulty framework. As the Commission has published six guidance notes in 2020 on how retailers should interpret aspects of the payment difficulty framework, this may suggest that any issue with inconsistency amongst retailers may be partly due to ambiguity in the initial drafting of the Energy Retail Code requirements.

The payment difficulty framework is an example of retail energy market regulation that differs in Victoria from other jurisdictions in the National Electricity Market (NEM). Simply Energy considers that consistent regulation across jurisdictions would lead to better outcomes for Victorian consumers, as it would reduce compliance costs for retailers that operate across multiple NEM jurisdictions and may minimise the risk of call centre staff making errors about how different frameworks apply in different jurisdictions. An example of an opportunity to improve regulatory consistency is the understandability and accessibility of energy bills. Simply Energy urges the Commission to engage in the Australian Energy Regulator's (AER) upcoming review of the rules for energy bill contents and seek to align the requirements of the Energy Retail Code with any reforms introduced by the AER in other NEM jurisdictions.

### Concluding remarks

In closing, Simply Energy is keen to continue working with the Commission to ensure that the final 'getting to fair' strategy can result in meaningful and effective changes to improve outcomes for vulnerable consumers.

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at

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Yours sincerely



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Simply Energy