



24 July 2024

Essential Services Commission
Level 8, 570 Bourke Street
Melbourne Victoria 3000

Lodged electronically: energyreform@esc.vic.gov.au

Dear Sir/Madam

Energy Retail Code of Practice Review – Issues Paper

Origin Energy appreciates the opportunity to provide a submission in response to the Essential Services Commission's (ESC) consultation on the review of the Energy Retail Code of Practice (Code) – Issues Paper.

Given consumer concerns about high energy prices, it is critical that information about energy offers is accessible, accurate and transparent to support effective market engagement. We support enhancements to the Code that will provide better outcomes and protections for consumers. However, these benefits must also be balanced against the costs of any change to ensure there is a net benefit for consumers.

We believe this review presents an opportunity for the ESC to examine elements of the Code that diminish the customer experience, notably around the volume and complexity of information retailers are required to provide customers especially when obtaining explicit informed consent and the repeated disclosure of a customer's experience of family violence.

Given the transition to electrification, this review should also remove ambiguity relating to gas disconnections and make clear pricing and contract protections.

Origin's specific comments on the ESC's proposed amendments to the Code are set out in Attachment A.

If you have any questions regarding this submission, please contact Caroline Brumby in the first instance on [REDACTED] or [REDACTED]

Yours sincerely

[REDACTED]

Sean Greenup
Group Manager Regulatory Policy

1. Protections for consumers experiencing vulnerability

Strengthening family violence protections

1. Are there any specific rules in the National Energy Retail Rules (NERR) that we should consider including in the code of practice that would strengthen protections for Victorian customers?
2. Are there any family violence protections in the water sector we should replicate in the code of practice?
3. Are there any other protections we should consider including in the code of practice to further support consumers affected by family violence?

We support the NECF family violence protections being reflected in the Victorian Code. Specifically, we believe the Code should capture Rule 76L that relates to the consistency of market retail contracts with the family violence policy.

We retain our view that to the extent practicable retailers should not require the repeated disclosure of a customer's experience of family violence.

We support the expanding current debt management rules in the Code, so they apply to retailers when transferring debts to third party debt collectors. We support expanding the definition of family violence to includes carers and Aboriginal and Torres Strait Islander kinship relationships.

Payment Difficulty Framework – training requirements

4. In your view, what aspects of the code of practice (if any) related to the Payment Difficulty Framework should be revised to better support consumers experiencing vulnerability or hardship?
5. Do you have any suggestions about how to improve the current Payment Difficulty Framework training obligations established in the code of practice?
6. Do you consider that retailers should be required to train their staff to assist customers experiencing different vulnerability or hardship issues (beyond the current obligation to train staff on family violence matters)? If so, what are the costs and benefits of imposing these additional training requirements?

We consider engagement with culturally and linguistically diverse customers could be improved by allowing customers to nominate their preferred language (from a pre-determined shortlist) to receive communications.

It would also be useful if the ESC provided 'better practice' examples on how to proceed with disconnection as a last resort. In particular, highlighting the differences between unreasonable customer action, and vulnerable customers who do not engage, do not respond to engagement attempts and do not make payments.

We agree that retailers should train their staff to provide support to customers experiencing family violence, financial hardship, or both. We also agree that this training should include how to best interact with vulnerable customers. However, retailers are best placed to determine the content, delivery and governance of their respective training regimes. The effectiveness of this training along with broader operational process and procedures will be reflected in the retailer's compliance performance. The reputational harm and regulatory penalties for non-compliance should be a sufficient incentive for retailers to ensure both training and internal procedures are adequate.

For these reasons, we do not believe that the ESC should apply a prescriptive approach to training,

Obligation to place debt on hold for 6 months

7. Are you aware of any customers who have had their debt placed on hold? If so, has the hold helped them reduce their debt in the long term?
8. How might this obligation be amended to better support customers experiencing significant payment difficulties?

We do not consider placing a customer's debt on hold for as long as six months assists the customer in managing longer term debt or assists the customer in changing behaviours to reduce future bills. We suggest that the ESC review its data to understand how many customers that have accessed this entitlement have resumed standard billing payments.

For these reasons, we support removing this requirement. We have dedicated teams to assist and manage customers in hardship and our customer service teams work with the customer to determine an arrangement that best suits their circumstances. This can include placing debt on hold for a shorter period of time, debt waivers entering into agreed payment arrangements or providing additional financial assistance to the customer. We offer a number of options that go beyond the payment difficulty framework requirements, and we believe the flexibility to offer these arrangements provide greater benefits to customers than placing debt on hold.

Accessibility of Utility Relief Grants (URGs) Information

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| <p>9. In your experience, are the URGs and energy concessions obligations set in the code of practice being implemented as intended? Are there any obligations that might require additional guidance?</p> <p>10. Are there any potential adjustments to the URGs and energy concessions obligations that we should consider including in the code of practice?</p> |
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As per our comments on the Payment Difficulty Framework, increasing information to culturally and linguistically diverse customers may assist with customers being able to access the payments through URGs. However, we request the ESC to provide guidance on its compliance expectations in terms of community languages requirements.

<h3>Assistance and information on energy efficiency</h3> <p>11. Should the code of practice introduce more prescriptive obligations about how energy efficiency advice should be delivered? What are the costs and benefits of these changes?</p> <p>12. Are there other non-prescriptive alternatives to encourage better practice across retailers to connect customers with existing energy efficiency government programs (such as the Victorian Energy Upgrades program)?</p>

We do not support more prescriptive obligations with respect to information requirements for energy efficiency. The Payment Difficulties Framework already requires retailers to provide a significant volume of information to consumers when a customer is seeking payment assistance. This includes the provision of low cost, free energy efficiency resources and referring to the Victorian Energy Upgrades Program. We consider these are adequate for customer who are facing payment difficulties.

Secondly, consumers have a level of mistrust with energy retailers when we seek to provide them with energy efficiency advice. Consumers often question the advice that retailers provide and whether the advice will be of benefit to the customer. Experience shows that customers have a greater level of confidence in advice from independent advice (i.e. home energy audits arranged by independent companies) or through broader Government communications.

We see greater energy efficiency benefits through the development of policies that can assist customers in making changes to their premises (i.e. rebate swap program, Solar for Low Income previously administered by NSW Government.).

2. Supporting the choices of energy consumers

Supporting customers who want to disconnect from gas

13. Do you see a need for improving processes and information for a customer who wants to disconnect from or abolish their gas connections?
14. Do you have any views on our proposed provision-of-information requirements related to disconnections and abolishment's?
15. Do you have any views on whether there is a need for new rules on timeframes and notification requirements for abolishing gas connections?
16. To strengthen protections for a customer wanting to disconnect from gas, are there any other obligations on a retailer we should consider introducing in the code of practice?

We agree that a customer should clearly understand what work is being undertaken at their premises; especially if it is a temporary disconnection or an abolishment.

The Code does not distinguish between abolishment or disconnection. However, the definition of disconnection can apply to both a temporary or permanent disconnection. Retailers have currently requirements that apply to abolishment requests under existing requirements in the Gas Industry Act (which is reportable).

Origin does not see a need to change definitions in the Code. Rather, there ought to be an obligation on retailers to ensure that when a customer requests a disconnection the retailer fully ensures the customer is aware of what specific work is being undertaken.

Bill information Requirements

17. Do you see a need for full alignment of energy bills with the Australian Energy Regulator's Better Bills Guideline? If so, what do you think would be the key benefits?
18. Do you think the inclusion of details for the Energy and Water Ombudsman Victoria (EWOV) would be of benefit to billing information?
19. Do you support the need for prescribed requirements related to bill communications? Are there any practical implementation issues we should consider?

Alignment with Better Bills Guidelines

As a general principle, Origin supports aligning regulatory obligations. However, harmonisation of billing approaches is not likely to be practical. A minor change in either the AER or ESC schemes would result in significant operational changes for retailers at significant cost. To the extent schemes are aligned, there is no guarantee that this alignment would continue in the future. For example, the AER is currently conducting a review of payment difficulty protections concurrently with this review. It is not clear how both regulators would agree to adopt each other's changes going forward.

Furthermore, while we support harmonisation this is not an endorsement of the AER billing guidelines. The guidelines are inflexible and impede a retailer in presenting information in a way preferred by our customers. For example, some feedback from customers on the Better Bills Guideline include:

- Why is the account balance and amount of any credit not provided on the first page.
- Why is average daily usage in dollars and exports not permitted on the bill, instead information is presented in kWh which is less meaningful to the customer.
- Why is the next scheduled read date not displayed on the bill with other metering information.
- Why don't retailers include an email address on the front page of the bill. This method of communication increasingly preferred by our customers.

Energy and Water Ombudsman Victoria (EWOV) details

We support including Energy Ombudsman details on consumer bills. However, we question the placement of this information on the front page of the bill. The placement of the details on the front page will likely drive increased calls to the Energy Ombudsman in the first instance rather than the customer contacting their retailer to resolve an issue.

This may result in a poor customer experience if the Ombudsman refers the customer to their retailer. Further, retailers are charged by the Ombudsman for referring the consumer back to the retailer.

Bill Communications

We do not support prescriptive requirements related to bill communications. A highly prescriptive approach does not enable retailers to respond to customer feedback. Origin already includes the best offer message in the body text of emails, so the customer does not need to open the attached PDF bill to see their deemed best offer message.

Clarifying best offer obligations

20. Do you support our proposal for addressing accessibility and availability of best offers? Why or why not?
21. In your opinion, is there a clear benefit in reviewing how deemed best offers are calculated?
22. Are you aware of any other issues with best offer obligations that this review could consider?

Origin supports a review of the 'best offer' obligations to determine whether they are delivering the intended benefits.

Further, the use of estimated savings for customers is based on historical usage. This is not a true indication of future consumption and does not allow customer feedback for future usage. The historical data is not an accurate data point to establish 'future savings' for a customer.

Accessibility and Availability

We agree that for some consumers, the process of comparing and changing plans is complex. We also agree customers have an expectation that the best offer cited on their bill will be available for a reasonable duration of time.

We support the requirement that when a retailer removes an expired or unavailable offer from its website, it must also remove the offer from Victorian Energy Compare. However, we consider within two business days of the offer ceasing to be available is a practicable timeframe to ensure retailers have adequate time to deliver this requirement.

Definition of 'restricted plan'

We consider the definition of a restricted plan is appropriate in its current form. Based on the ESC Issues Paper, the ESC is concerned how the definition is applied, not the definition itself. If the ESC finds evidence that a retailer is not applying the definition appropriately, then we agree it should take appropriate action.

In the absence of evidence showing a systemic problem, we do not consider a change is warranted.

Best offer terms and conditions

Origin agrees with the observations set out in the Issues paper that the terms and conditions involved in switching to the best offer are long and confusing. In addition, the current EIC obligations add to the length and complexity of terms and conditions communicated to customers before they agree to a market contract.

We support the ESC working with retailers and Government program providers to review the prescriptive requirements for obtaining EIC.

Accuracy of information on Victorian Energy Compare Website

23. Do you support the need to review relevant definitions in the code of practice or is this better managed through the Energy Fact Sheet Guidelines?
24. In your opinion, would there be any issues presented by prescribing a timeframe for removal of outdated offer information from Victorian Energy Compare?

To the extent information has not been consistently applied by retailers, we believe that in the first instance this is best addressed through the Energy Fact Sheet Guidelines. The ESC should be guided by the instances where this is happening to understand how widespread the problem is. Based on this evidence the ESC can refine the Guidelines as necessary.

The energy sector currently has two business days to remove expired offers from Victorian Energy Compare. We note the ESC proposes to require a retailer to remove an expired or unavailable offer from Victorian Energy Compare within one business day. While we currently use our best endeavours to remove the expired offer within one business day, we believe the two business days is beneficial to both consumers and market. The additional time allows the retailer to carry out the relevant checks and balances before removing it from the site. The removal of an offer, in error, could deny the customer access to an offer.

3. Pricing and contract protections

Bill frequency obligations

25. Do you consider that bill frequency obligations and best offer frequency obligations are not clearly aligned and require amendment to achieve consistency? Why or why not?
26. Do you have any preferred options for achieving consistency between bill frequency obligations and best offer frequency obligations? What are the costs and benefits of those options?

Billing frequency and best offer message frequency are not aligned in the case of market retail contracts and gas standard contracts. The ESC see value in potentially aligning frequency of best offers and bills to assist energy retailers.

Retailers are required to apply best offers on an electricity bill every 3 months and gas bills every four months. However, these frequencies do not necessarily align with the prescribed metering reading schedules.

The meter reading schedule are prescribed under the Victorian Gas Retail Market Procedures which outline the timeframes in which gas meter read schedules (and subsequent reads) must be undertaken by a distributor and provided to a retailer (cl. 2.2.1).

If the ESC wish to align these, then it ought to also consider alignment of the distributors relevant procedures.

We support the ESC's proposal to introduce exemptions on best offer messaging to provide flexibility to retailers in cases where bills are delayed for reasons that are beyond the retailers control. Origin would be keen to work with the ESC to define these scenarios.

Clarifying unclear definitions: Standard offers

27. What benefits do you see in limiting when a retailer can use the language of 'standard offers' for advertising?
28. Do you think we should prohibit the term 'standard offer' when referring to market offers at the same price as a standing offer for gas?

Where practicable, marketing language and prohibited terms should be consistent across instruments and jurisdictions.

Clarifying unclear definitions: Pay-by date

29. In your opinion, should we define the term 'pay-by date' in the code of practice? Why or why not?
30. Do you think clarifying the definition of pay-by-date will reduce scope for confusing communications, or are further interventions required (such as targeted training requirements)?
31. Do you believe that a 'pay-by date' should be extended when a retail customer has entered into a payment arrangement? Why or why not?

Clause 65 of the Code implies that the pay-by-date only refers to the pay-by date of a bill, rather than the due date of either a bill or instalment on a payment plan.

We do not see there is a need to refine the definition of 'pay-by date'. We understand this to be the date by which payment of a bill is due. We note the ESC has identified potential issues with the term, however we are not aware of any of these issues in practice.

We do not believe that there is any benefit in extending a pay-by date in the event a retail customer has entered a payment arrangement. When a retail customer and Origin agree to a payment arrangement, both parties have agreed to bespoke payment terms that are more manageable for the customer. Origin does not support prescriptive requirements that may limit Origin's ability to work with its' customer on a payment arrangement to suite their unique situation.

Further, we are of the view that clarifying the circumstances where retailers are required to provide information about assistance to a customer under clause 129 of the Code may benefit customers. Currently, customers may receive information on assistance multiple times and this can overwhelm some customers as well as potentially dilute the important message in the assistance information.

Clarifying unclear definitions: Arrange a disconnection

32. Do you consider that the term 'arrange a disconnection' could be clarified? Why or why not?
33. Are there other options to clarify in the code of practice that a service order for disconnection must be cancelled when a customer seeks payment assistance or is receiving payment assistance and is complying with the relevant terms? What are the costs and benefits of those options?

As we understand the ESC is concerned that the term "arrange disconnection" means issuing a disconnection notice which could result in a wrongful disconnection if a customer enters into a payment plan after the disconnection notice but prior to the actual disconnection because the disconnection service order has not been cancelled in time.

Retailers can 'arrange' for a service to be carried out by the distribution business or other relevant party, however retailers are unable to perform the service of 'disconnect'.

In the payment plan scenario described by the ESC, if a customer arranged a payment plan after a retailer arranged for disconnection for non-payment, it is standard industry practice for retailers to use best endeavours to cancel the service order. Depending on the circumstances, this would also involve calling the distributor to confirm the request has been cancelled. There may also be circumstances where, even if the service order is cancelled immediately after the customer enters the payment arrangement, the disconnection will still be undertaken by the distributor. This is because retailers have no control over the distributor's timing of disconnections.

For this reason, retailers should not be bound to obligations that require disconnection. We suggest that the Code should consider requiring retailers to use endeavours to cancel a disconnection when a customer seeks or receives payment assistance and the customer is complying with the terms.

Disclosure of additional retail charges in contract terms and conditions

34. Are there any implications we should consider when specifying that 'additional retail charges' are charges which must be set out in a market retail contract or exempt person arrangement?
35. Are there any costs or benefits we should consider in relation to a retailer providing detailed information about the type of additional retail charges a customer is required to pay?
36. Are there any other issues in standard retail contract terms and conditions that we should consider?
37. Do you agree that retailer charges for gas abolishment, beyond the \$220 distributor abolishment fee, should be specified as an 'additional retail charge'? Why or why not?

Any disclosure of fees and charges by the retailer should be limited to the fees and charges which the retailer sets for the provision of services to its' customers. It should not involve the retailer including distribution fees and charges as part of its standard terms and conditions. Network charges are set by the distribution business and are a direct pass through from the network to the customer. Retailers should not be required to wear the cost of a changes in network fees and charges during a financial year.

Requirement to publish changes to tariffs and charges in newspaper

38. What are some of the costs, benefits or issues you see in publishing variations to tariffs online only (and not in newspapers)?

We support the removal of publishing standing prices in newspaper. Customers receive notice via letter and email, and new prices are available for any new customer that signs up.

4. General code of practice updates and other changes

Protections for embedded network customers

- 39. What are the costs and benefits of increasing protections to embedded network customers that buy electricity from retailers?
- 40. What are the costs and benefits of extending family violence protections to embedded network customers?
- 41. What are the costs and benefits of extending bill change alert obligations to embedded network customers?
- 42. Do you have any comments on updating Schedule 5 and Schedule 6 of the code of practice to align with the updated General Exemption Order (GEO) 2022?

Origin supports the position that consumers within embedded networks are afforded the same level of consumer protections as on-market customers. Origin's on-market embedded network customer receive the relevant market protections under the Code and are thus receiving bill change notifications, access to Ombudsman schemes and are provided hardship assistance.

Origin supports the alignment of Schedule 5 and Schedule 6 of the Code to the updated General Exemption Order 2022.

Use of preferred communication method

- 43. In your view, when must preferred methods of customer communication be used?
- 44. Are there any costs or benefits that would arise from always requiring the use of preferred methods of communication with small customers?

Origin does not support amendments to the preferred methods of customer communication. When a customer enters into a contract with a retailer, they provide numerous forms of contact; phone number, postal address, and email address. While the customer may notify a retailer of a preferred means of communication, this communication method may not be appropriate for all scenarios in which we need to contact a customer. For example, a customer may have provided an email address as a preferred means of contact for billing, however if a retailer needs to urgently provide information to a customer (i.e. fire or flood), the retailer may decide that SMS is a faster and more efficient means of providing information to a customer.

Introducing prescriptive communication means, reduces the ability for a retailer to communicate with the customer to provide information as required. It is important to separate customer communication methods for billing, notices and marketing, which may not always be the same and allow retailer flexibility to use alternative methods of communication that have been provided to us by our customers.

Receipt of communications and notices

- 45. Do you have any comments on aligning the code of practice with the 'presumed receipt' rules set out in the Electricity Distribution Code of Practice?



We do not believe that it is appropriate to align retailer notification requirements with the Electricity Distribution Code of Practice. Distributor communication requirements are related to the pre-planning of the network so timeframes for the receipt of communication have been built around these notifications.

The Issues Paper fails to note that clause 17 of the Code of Practice already sets out when bills and notices are deemed to have been received by customers. We are not aware of systemic concerns that have been raised as to the application of these deemed receipt of information. If changes are made to align with the Distribution Code of Practice, then a full review of each clause contained in the Code would need to be reviewed to ensure that the existing timeframes are able to be met by retailers.

Origin anticipates the flow on impacts for process and system changes to amend timeframe notifications with the distribution business will be significant. Origin strongly discourages the ESC from considering this proposal.

Clarifying timelines for compliance with certain obligations

- 46. Do you have any comments on clarifying that if a last resort event occurs, retailers must cancel direct debit arrangements within one business day and not 'immediately'?
- 47. Do you have any comments on clarifying that a disconnection warning notice must be received by a customer rather than 'issued' before a retailer must provide clear and unambiguous information about available assistance?

The pathway to disconnection is heavily prescriptive. We believe this has led to the unintended consequence of customers accruing more arrears by the time disconnection can be arranged because of a general reluctance of retailers to disconnect. If the regulatory framework is further extended to clarify that a disconnection warning notice has been received instead of issued, this may create further delays in arranging disconnection.

Consequential amendments

- 48. Are there any other issues we should consider as part of this review?

We seek the ESC replicate the exemption in section 5 of the National Energy Retail Rules (NERR) that allows business customers with multiple small sites to aggregate their load to become a large customer. There are often situations where large corporate entities with multiple small sites seek a single contract to cover all their sites.