

# VICTORIAN ENERGY MARKET REPORT

**Usage vs Price: supporting households  
who are struggling with their electricity bills**

March 2024



## Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to one of the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

## An appropriate citation for this paper is:

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The Victorian Energy Market Report meets our reporting obligations under section 10AA(a) and 10AAB of the *Essential Services Commission Act 2001*; sections 39A and 109A(3) of the *Electricity Industry Act 2000*; and sections 47 and 223(3) of the *Gas Industry Act 2001*.

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## Chairperson's foreword

Energy bills continue to contribute to cost-of-living pressures for Victorians.

In previous reports we have looked at the price of electricity and steps Victorian consumers can take to save on their bills.<sup>1</sup> In this report we look at energy usage, particularly for households experiencing payment difficulty.

The Victorian energy rules require retailers to offer support to households in payment difficulty. This can include advice on whether a lower price is available and on lowering consumption. It is important retailers meet these obligations to support households experiencing payment difficulty.

Retailers are also obliged to inform all customers about whether they could access a better price. Our analysis has found households receiving payment difficulty support often pay lower effective prices. However, there are other factors or barriers which may result in a household's higher usage of energy. This can lead to higher bills.

There are many systemic as well as event-based circumstances that contribute to a household using more energy than another household.

There are a range of programs to help customers lower usage, and to support customers to pay bills. Programs such as Victorian Energy Upgrades are designed to help lower electricity consumption.

In recent months, we have continued to demonstrate our commitment to take strong action where we see non-compliance with the rules. For the first time, we commenced proceedings in the Supreme Court of Victoria. We commenced proceedings against energy retailers Sumo Power Pty Ltd and Sumo Gas Pty Ltd for allegedly engaging in unlawful door-to-door marketing of energy contracts to over 5,000 Victorian consumers.

We also commenced action against energy retailers in the Origin Energy group for allegedly failing to meet obligations under the life support and payment difficulty frameworks. The alleged breaches affected more than 30,000 consumers. This included consumers who either used life support equipment or had a person at their premises who did.

In addition to court proceedings, we issued over \$1.2 million in penalty notices. Energy retailer AGL Sales Pty Ltd paid almost \$800,000 in penalty notices for allegedly failing to provide relevant Victorian consumers with accurate information about their best offer.

The electricity distributor CitiPower Pty Ltd paid over \$400,000 in penalties after allegedly failing to notify relevant consumers, including a life support consumer, of planned interruptions in early 2023.

We published our draft decision for the 2024–25 Victorian Default Offer on 19 March 2024. Due mainly to lower wholesale prices, the VDO is likely to be lower next year. This is a welcome relief for many Victorians.

As cost-of-living pressures continue for most Victorians, there are simple actions you can take to save on your energy bills, starting with making sure you are on your retailer's best offer.

We also encourage you to take advantage of programs such as Victorian Energy Upgrades and other energy efficiency programs designed to help you lower energy usage.

**Kate Symons**  
**Chairperson and Commissioner**

<sup>1</sup> See *Victorian Energy Market Report September 2023* for further detail.

# Usage vs price: supporting households who are struggling with their electricity bills

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## Supporting households who are struggling with their electricity bills

Improving bill outcomes for Victorians who are experiencing payment difficulty requires a focus on both usage and price.<sup>1</sup>

All Victorian customers benefit from a focus on pricing, as many households still pay more than the Victorian default offer.

Higher usage is a key driver of higher electricity bills for households receiving payment difficulty support. Many customers who receive payment difficulty support are part of households that consume more energy from the grid than other households. This results in higher bills, even when charged at a lower effective price.<sup>2</sup>

There are many reasons why some households use more energy from the grid than others. Some examples include low-efficiency products, housing arrangements, housing quality as well as events that contribute to a customer's experience of vulnerability.

Some customers also face barriers in reducing their grid-supplied electricity consumption. For example, tenants may have difficulty installing energy efficient upgrades and solar in rented properties.

## More Victorians accessing payment difficulty support

The share of Victorian households receiving payment difficulty support increased from 2.1 to 2.5 per cent from 2019 to 2023.<sup>3</sup>

In December 2023, there were almost 70,000 households receiving payment difficulty support from their retailer.

There are existing rules and assistance designed to support households struggling with electricity bills. For example, the Energy Retail Code of Practice requires retailers to offer support to households who are experiencing payment difficulty.

This can include advice on whether a lower price is available and ways to lower energy consumption.

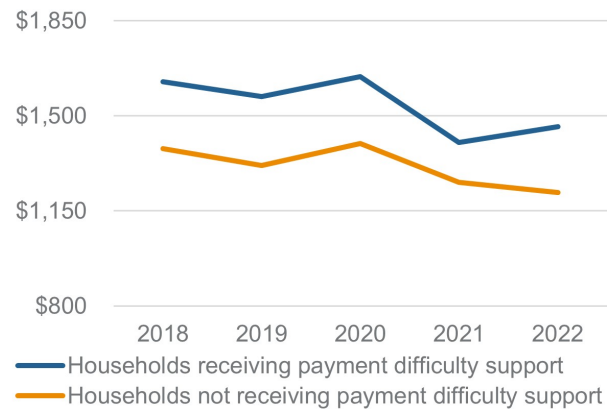
Government programs can also help households lower their reliance on grid-supplied electricity. For example, the:

- Victorian Energy Upgrades program
- Solar Homes Program
- Neighbourhood Battery Initiative.

## Households receiving payment difficulty support pay higher electricity bills

Households receiving payment difficulty support paid around \$1,460 per year for electricity in 2022 (see Figure 1).

**Figure 1:** Median annual electricity bill (\$), by household type



**Source:** ESC analysis of ACCC retailers' data.

This compares to around \$1,218 for households that were not receiving payment difficulty support from their retailer. This is a difference of \$242 in 2022.

<sup>1</sup> In previous reports, we highlight that Victorians could save on energy bills by switching to their retailer's best offer. Retailers are obliged to regularly inform customers if they are on their best offer. We found that residential consumers could have saved a total of \$191 million in electricity bills if they were on their retailer's best offer and achieved the savings their retailer estimated. See [Victorian Energy Market Report September 2023](#) for further detail.

<sup>2</sup> Our analysis is based on de-identified billing data supplied by nine of Victoria's largest electricity retailers to the Australian Competition and Consumer Commission (ACCC). Combined, these nine retailers account for around 90 per cent of all residential consumers in Victoria. Data diagnostics indicate the sample of data is sufficiently representative of the population of electricity consumers to identify trends and reach reliable conclusions.

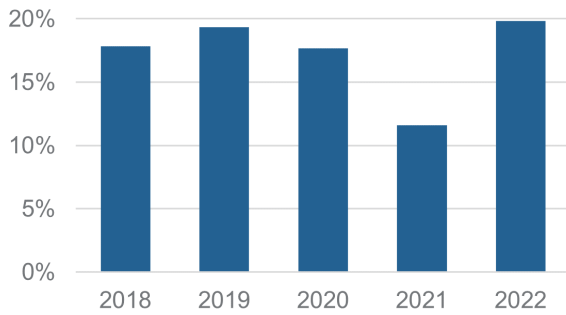
The annual bill (\$) includes all fixed and variable charges, as well as any relevant concessions, discounts, and solar rebates. The effective price represents the price paid by retail customers taking into account fixed and variable charges. The effective price is calculated by dividing the total annual electricity bill (\$) by the corresponding annual electricity usage (kWh). Any reference to price in this section refers to the effective price.

<sup>3</sup> This is based on self-reported data from energy retailers as per the Commission's Compliance and Performance Reporting Guideline.

Between 2018 and 2022, median electricity bills for households receiving payment difficulty support were between 12 and 20 per cent higher than those not receiving payment difficulty support from their retailer (Figure 2).<sup>4</sup>

On average, this amounts to 17 per cent, or \$227, more per year, costing \$1,135 more in electricity bills over the five-year period.

**Figure 2:** Median difference in annual electricity bill (%), by household type



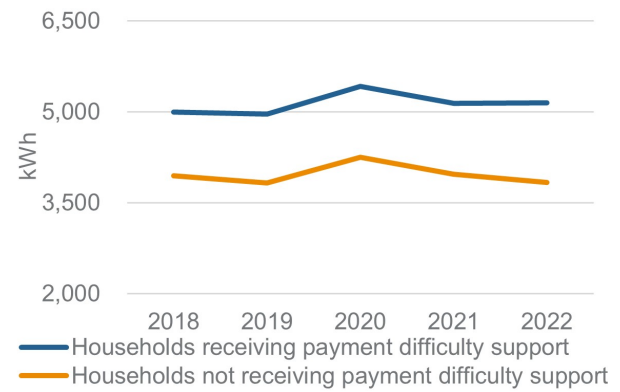
Source: ESC analysis of ACCC retailers' data.

### Households receiving payment difficulty support use more electricity

Households receiving payment difficulty support used around 5,150 kWh of electricity in 2022. This compares to around 3,800 kWh for households that were not receiving payment difficulty support from their retailer (see Figure 3).<sup>5</sup>

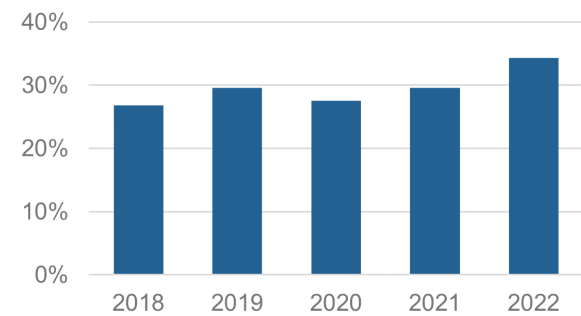
From 2018 to 2022, households on payment difficulty support used between 27 and 34 per cent more electricity than households that were not receiving payment difficulty support from their retailer (see Figure 4).

**Figure 3:** Median annual usage (kWh), by household type



Source: ESC analysis of ACCC retailers' data.

**Figure 4:** Median difference in annual usage (%), by household type



Source: ESC analysis of ACCC retailers' data.

### Why do households on payment difficulty support use more electricity?

There are many reasons why households receiving payment difficulty support tend to consume more energy than other households.

Examples include lack of access to energy-efficient products and appliances, housing arrangements, housing quality and events that may contribute to a household's experience of vulnerability.

<sup>4</sup> The median (or 50th percentile) provides a useful but limited indication of the annual electricity bill paid by an 'average' household. However, household types and household composition are the key drivers of household energy consumption, and electricity bills. These characteristics (e.g. household size, dwelling type, ownership status, employment status, lifestyle choices, and wealth and income) vary significantly across Victorian households.

<sup>5</sup> The median provides a useful but limited indication of the amount of electricity consumed by an 'average' household. Please refer to the Appendix (Figure 2) for further information on the amount of electricity consumed by households that do and do not receive payment difficulty support across the 10th, 25th, 75th and 90th percentiles.

## Access to energy-efficient products and appliances

Some households are unable to afford upgrades to energy efficient products or appliances. This may mean households are unable to upgrade to products which shift consumption to a cheaper time of the day or night.

## Housing arrangements

Housing arrangements such as being a renter or living in an apartment generally limit access to rooftop solar and batteries.<sup>6</sup>

In most circumstances, landlords are under no obligation to install solar panels and renters have no right to install solar panels. Additionally, there are limited financial incentives for landlords to install solar because the benefits directly accrue to the renter.<sup>7</sup>

Renters may also encounter difficulties negotiating with landlords for upgrades to more energy efficient appliances.

Poor quality housing is another reason why some households on payment difficulty support consume more electricity from the grid.

Around one in five households on a very low income are unable to keep comfortably warm in winter due to housing quality issues, such as poor heating and cracks in walls and floors.<sup>8</sup>

## Events that contribute to an experience of vulnerability

A change in a customer's life events may further contribute to an increase in energy use temporarily or over the longer term. These events may include illness, disability, job loss or loss of a loved one.<sup>9</sup>

## Programs designed to support consumers lower usage

Energy policy emphasises the need for consumers to regularly search for, and switch to, lower prices. Retailers are also obliged to inform all customers about whether they could access a better price.

However, usage is a key driver of the higher bills households on payment difficulty support pay compared to other consumers.

This highlights the importance of policies and programs targeted at addressing usage alongside prices, particularly for households receiving payment difficulty support.

The Victorian Government has established programs designed to assist consumers lower their reliance on grid-supplied electricity. For example, Victorian Energy Upgrades, the Solar Homes Program and the Neighbourhood Battery Initiative.

Retailers must also establish financial hardship policies and assist households experiencing payment difficulty to lower their energy usage as well as costs.<sup>10</sup>

### Victorian Energy Upgrades program

The Victorian Energy Upgrades program provides incentives for households and businesses to make energy-efficient improvements to help cut power bills and reduce greenhouse gas emissions.

All Victorian households are eligible for discounts under the program via an accredited provider. Available products under the program include lighting, space heating and cooling, water heating and weather proofing.

The Victorian Energy Upgrades program has supported more than two million households and 150,000 businesses to reduce their energy usage and save on their energy bills since 2009.

Consumers who participated in the program in 2022 can expect an estimated average annual savings of \$100 and \$2,117 on their household and business bills respectively.

<sup>6</sup> Australian Competition and Consumer Commission (May 2021 and September 2020) *Inquiry into the National Electricity Market*.

<sup>7</sup> Wood et. al (2012). *Housing Tenure, Energy Consumption and the Split-Incentive Issue in Australia*

<sup>8</sup> Longview | PEXA Whitepaper (2023). *Private Renting – A Broken System*

<sup>9</sup> See our definition of vulnerability in Essential Services Commission (August 2021). *Getting to fair: breaking down barriers to essential services*.

<sup>10</sup> *Electricity Industry Act 2000* (Section 43) places a legal obligation on retailers to establish financial hardship policies approved by the ESC. The *Energy Retail Code of Practice* (Part 6 Division 2 Section 128(1)) establishes guidelines for the content of hardship and tailored assistance policies.

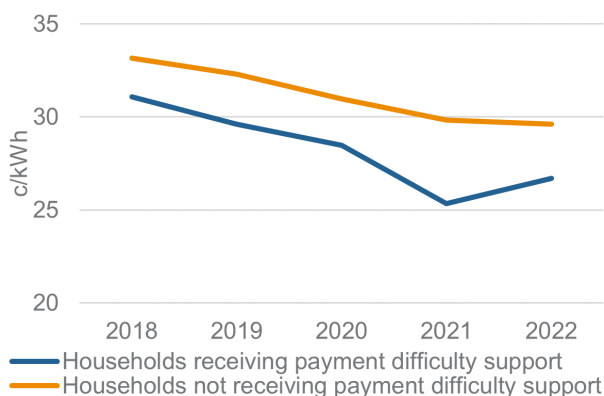


## Households receiving payment difficulty support pay lower effective prices

Households receiving payment difficulty support have consistently paid a lower median price per kWh for their electricity (see Figure 5).<sup>11</sup>

Households receiving payment difficulty support paid a median price of about 27 cents per kWh in 2022. Households that are not receiving payment difficulty assistance from their retailer paid a higher median price of 30 cents per kWh.

**Figure 5:** Median price paid (cents/kWh), by household type



**Source:** ESC analysis of ACCC retailers' data.

Between 2018 and 2022, households receiving payment difficulty support paid between 6 and 15 per cent less (see Figure 6).

Retailers must offer support to households experiencing payment difficulty through payment arrangements and other forms of assistance.<sup>12</sup>

The price differential for households on payment difficulty support from their retailer and households that are not receiving payment difficulty assistance increased in 2021 and 2022 during the COVID-19 pandemic (see Figure 6).

A range of policy changes have been introduced in recent years to support Victorian consumers. For example, in 2020, new rules required retailers to help customers apply for Utility Relief Grants.<sup>13</sup> We also expanded temporary requirements on retailers to offer price checks for households receiving tailored assistance.<sup>14</sup>

<sup>11</sup> The median provides a useful but limited indication of the price paid per kWh for electricity by an 'average' household. Please refer to the Appendix (Figure 3) for further information on the price paid per kWh by households that do and do not receive payment difficulty support across the 10th, 25th, 75th and 90th percentiles.

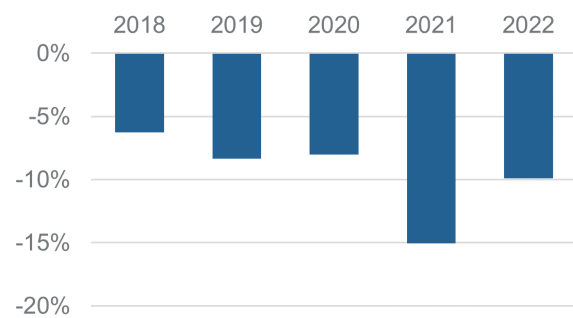
<sup>12</sup> The *Energy Retail Code of Practice (part 6)* sets out the minimum standards of assistance to which residential customers anticipating or facing payment difficulties are entitled to receive from retailers, so that disconnection of a residential customer for not paying a bill is a measure of last resort.

<sup>13</sup> For more information, please visit the Department of Families, Fairness and Housing [Utility relief grant scheme - DFFH Services](#)

<sup>14</sup> This was a temporary requirement that took effect for six months from 1 October 2020, but was extended until 30 June 2021.

<sup>15</sup> This is based on compliance and performance reporting guideline data.

**Figure 6:** Median difference in price paid (%), by household type



**Source:** ESC analysis of ACCC retailers' data.

Receiving payment difficulty support from a retailer under the energy rules assists Victorian energy consumers. It shows why it is important for customers and retailers to communicate early. It also shows why it is important for retailers to meet their obligations to support households who are having or anticipating payment difficulty.

## Slightly more households are receiving payment difficulty support in 2022

Between 2019 and 2023, the number of households receiving payment difficulty support increased slightly from approximately 2.1 per cent to 2.5 per cent.<sup>15</sup> Several factors may have driven this increase.

The increase may suggest more households need, and are receiving, payment difficulty support from their retailer.

It may also suggest that the number of households in need of payment difficulty support has remained constant, but there have been improvements in retailers' interaction with consumers to improve uptake of payment assistance from retailers.

## Concession consumers pay lower electricity bills

Concession consumers receive an amount funded by a state or territory government that reduces the amount the consumer must pay for electricity consumed from the grid. Concession consumers may also be eligible for payment difficulty support from their retailer.

A point on our methodology. Some households receive both concessions and payment difficulty support. In this section, we are interested in the impact of the concessions alone. To focus on that, we needed to isolate the concession.<sup>16</sup>

Concession households, that do not receive payment difficulty support, typically pay lower bills as they use less electricity from the grid and pay lower prices than other households. Compared to households not receiving payment difficulty support from their retailer, concession consumers typically paid lower median annual bills.

In 2022, median annual bills for concession households were \$225 (almost 20 per cent) lower compared to households that were not receiving payment difficulty assistance from their retailer (Figure 7).

The data shows concession households tend to consume slightly less electricity each year (around 3,500 kWh) (Figure 8) and pay a discounted price compared to households not receiving payment difficulty support (Figure 9). In 2022, the median price paid by concession consumers was 12 per cent lower compared to the price paid by households that were not receiving payment difficulty assistance from their retailer. We especially encourage concession households to regularly review their energy bills and seek out the best value offers.

Compared to households receiving payment difficulty support, concession only households typically paid lower median annual bills. This reflects much lower usage as well as lower effective prices.

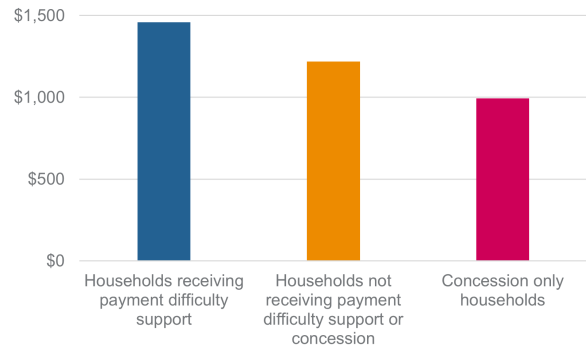
### Support available for households struggling with electricity bills

Victorian households with eligible concession status can access government assistance to cover part of their ongoing energy cost.

These supports include:

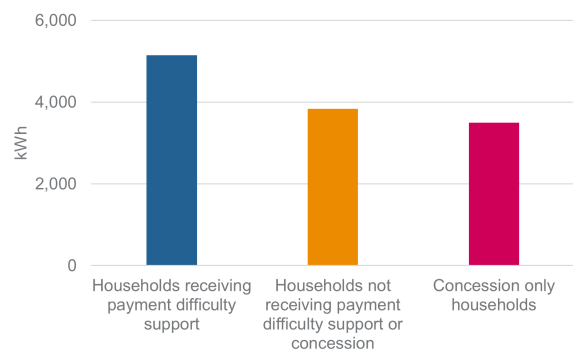
- ongoing assistance in annual electricity concessions
- winter gas concessions
- temporary assistance with Utility Relief Grants.

**Figure 7: Median bill (\$ per annum)**



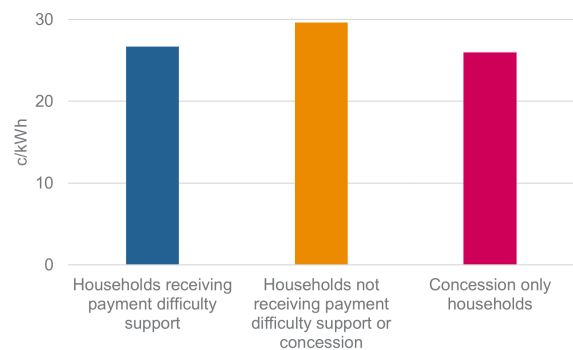
**Source:** ESC analysis of ACCC retailers' data.

**Figure 8: Median usage (kWh)**



**Source:** ESC analysis of ACCC retailers' data.

**Figure 9: Median effective price (cents p/kWh)**



**Source:** ESC analysis of ACCC retailers' data.

<sup>16</sup> To isolate the concession for households that receives both payment difficulty support and concessions, our calculations of annual bill and effective prices paid removes the concession. This isolates the impact of receiving concessions from the impact of receiving payment difficulty support. As a result, our analysis and graphs represent the impact of the concessions (not the payment difficulty support).

# Energy in Victoria

October - December 2023

## Compliance and enforcement



Civil court proceedings commenced in the Supreme Court of Victoria against Origin and Sumo

Penalty notices issued to AGL and CitiPower, with over \$1.2 million in penalties paid

## Wrongful disconnections



125 customers affected by retailer self-reported wrongful disconnections

\$212,766 was paid in total compensation in relation to wrongful disconnections

## Transmission and distribution



Guaranteed service level payments made to customers totalled over \$11.6m in 2022-23

We continue to monitor unplanned outages and distributors voltage performance

## Market entry and exit



One electricity transmission licence and two electricity generation licences issued

Three electricity retail licences revoked by agreement

## Reports and reviews



Land Access Code of Practice released on 30 November 2023

We are reviewing the Gas Distribution System Code of Practice and will publish the final decision in 2024



## Compliance and enforcement activities

### Our enforcement activities

We use our enforcement powers in the public interest. We act to protect consumers – especially those experiencing vulnerability – to deter future non-compliance, to ensure non-compliant businesses do not benefit from their conduct, and to enhance trust in the market.

We will continue to take action, including litigation, when we uncover evidence that energy businesses contravene such important consumer protections.

### Penalty notices

The commission issued penalty notices totalling just over \$1.2 million to AGL Sales Pty Ltd (AGL) and CitiPower Pty Ltd (CitiPower) between October and December 2023. These notices related to alleged breaches of best offer rules and planned supply interruptions.

#### Penalty notices issued to AGL for alleged breaches of customers 'best offer' rules

In October 2023, AGL paid \$799,656 in penalties for allegedly failing to provide Victorian energy customers with accurate information about their best offer.

We alleged that 22 customers did not receive accurate best offer information they were entitled to from AGL as a result of the alleged calculation errors by AGL in respect of each customer. AGL reported the issue following enquiries from the commission as part of the commission's proactive program to monitor energy retailer compliance with customer best offer rules.

Energy retailers must regularly inform their customers, via their energy bills, if the customer is on their best offer. This provides the customer with valuable information about the choices they have available.

#### Penalty notices issued to CitiPower for allegedly failing to notify customers of planned interruptions, including a life support customer

In October 2023, CitiPower paid \$406,824 in penalties for allegedly failing to notify 43 customers of two separate planned electricity supply interruptions in Brunswick and Carlton. One of the customers was a registered user of life support equipment.

Our rules require distributors to provide customers with at least four business days written notice before a planned interruption. These protections are critical so that customers receive sufficient time to plan around the interruption to their power supply, particularly for those that require life support equipment.

### Court proceedings

In December 2023, the commission commenced proceedings in the Supreme Court of Victoria against Sumo Power Pty Ltd and Sumo Gas Pty Ltd (together, Sumo) and Origin Energy Electricity Limited, Origin Energy (Vic) Pty Limited and Origin Energy Retail Limited (together, Origin).

This is the first time the commission has commenced court proceedings seeking civil penalties, orders the entity contravened the provisions and other remedies, including adverse publicity orders.

It follows the commencement, in March 2022, of the Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021 which equipped the commission with the investigative tools and enforcement pathways of a modern regulator. The commission's enforcement pathways were enhanced by the power to commence civil litigation in relation to contraventions of the Victorian energy rules.

In pursuing enforcement action by way of public interest litigation, the commission's enforcement objectives include one or more of the following:

- Establishing and stopping the unlawful conduct
- Rectifying the harm caused by the unlawful conduct
- Preventing future unlawful conduct
- Clarifying the law
- Deterring future unlawful conduct (by the alleged wrongdoer or others in the sector)
- Punishing the wrongdoer.

#### Court proceedings commenced against Sumo for alleged unlawful door knocking and signing up customers without 'explicit informed consent'

In December 2023, we commenced civil proceedings in the Supreme Court of Victoria against Sumo.

We alleged that between 31 December 2021 and 12 August 2022, Sumo engaged in unlawful door-to-door marketing of energy contracts to at least 5,941 Victorians.

The *Electricity Industry Act 2000* and the *Gas Industry Act 2001* prohibit electricity and gas retail licensees (or their agents) from calling on a domestic customer at their home to negotiate an electricity or gas contract (also known as door-to-door marketing).

We also alleged that Sumo signed up several customers to Sumo's energy plans without obtaining their explicit informed consent, required by the Energy Retail Code of Practice.

### Court proceedings commenced against Origin for allegedly failing vulnerable customers

In December 2023, we commenced civil proceedings in the Supreme Court of Victoria against Origin.

We alleged multiple failures by Origin to meet its obligations under the life support and payment difficulty frameworks. These frameworks protect customers experiencing vulnerability.

Origin's alleged breaches affected more than 30,000 customers between 2019 and 2023 and includes the failure to continue the provision of payment assistance.

The alleged life support breaches affected 11 customers. These alleged failures put life support customers at increased risk from power interruptions.

We also alleged that Origin failed to report breaches to the commission within the required timeframes.

### Second court proceedings commenced against Origin

In February 2024, we commenced separate civil penalty proceedings in the Supreme Court of Victoria against Origin Energy Electricity Limited and Origin Energy (Vic) Pty Limited (together Origin).

We alleged that Origin repeatedly failed to meet its obligations under the energy rules, with the alleged breaches cumulatively affecting more than 500,000 customers between 2018 and 2023. The alleged contraventions relate to billing and disconnections.

### Our compliance activities

The commission's compliance work actively promotes voluntary compliance with Victorian energy rules and laws in line with the commission's compliance and enforcement policy.

### Voltage performance – distributors

We continued to monitor Victorian energy distributors' voltage performance in the October to December 2023 quarter. All distributors met the functional compliance limits specified in the Electricity Distribution Code of Practice (the code) this quarter (See Figure 1 and Figure 2).<sup>1</sup>

This work is particularly important during warmer months as electricity distributors seek to maintain steady and compliant voltage levels.

Electricity distributors must maintain voltage levels within certain limits to ensure quality of electricity supply.

Victorian electricity distributors must report voltage performance data to the commission each quarter.

We update electricity distributors' voltage performance each quarter on our website.<sup>2</sup> This includes both over-voltage and under-voltage data and factors that impact a distributor's ability to achieve compliance.

### Report on distributors' performance

We published a report on our website compiled by GridWise Energy Solutions (GridWise) on behalf of the commission.<sup>3</sup>

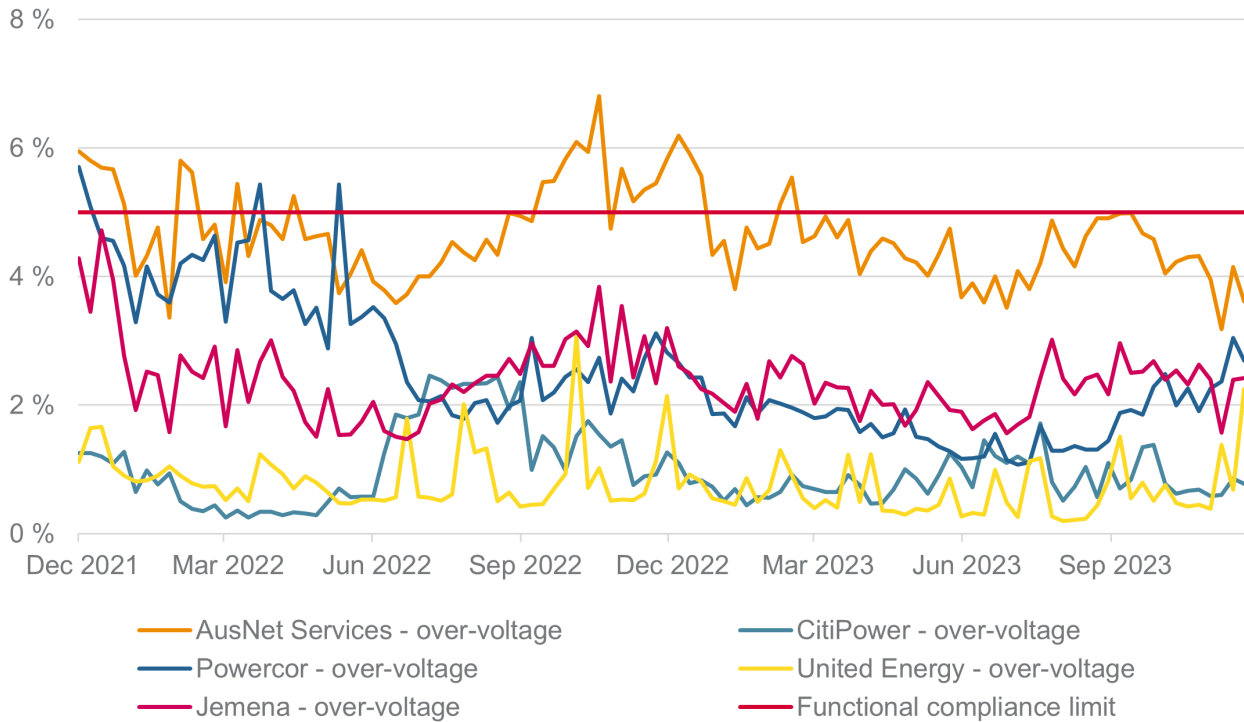
We engaged GridWise to interpret and assess the functional voltage compliance requirements specified in the code between December 2021 and November 2023.

<sup>1</sup> A distributor is compliant with voltage performance obligations if it achieves 'functional compliance'. This is a measurement where up to one per cent of measurements below 216 volts, and up to one per cent of measurement above 253 volts are maintained across at least 95 per cent of a distributor's customer base. Functional compliance is represented in Figure 1 and Figure 2 by the horizontal red line.

<sup>2</sup> See [Voltage performance data](#).

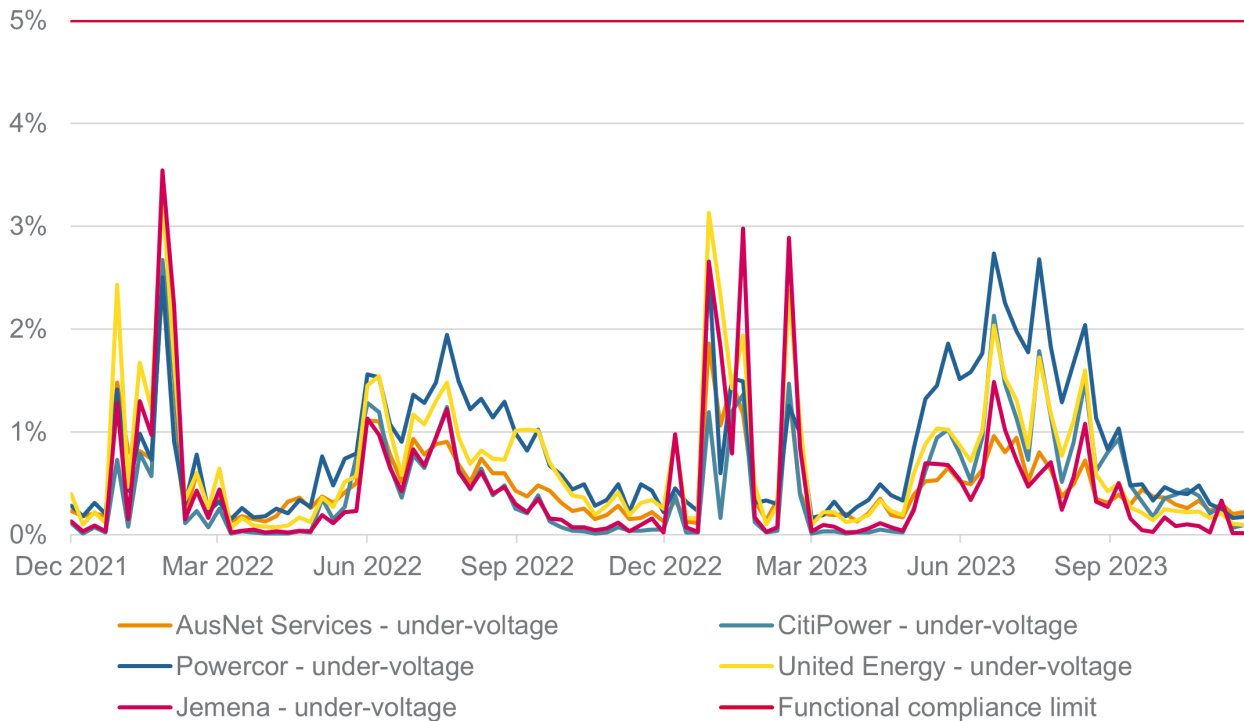
<sup>3</sup> See [GridWise Energy Solutions Voltage Compliance Assessment Report Dec 2021 –Nov 2023](#).

**Figure 1: Percentage of NMI's above 253V for more than one per cent of the time (over-voltage)**



**Source:** Essential Services Commission

**Figure 2: Percentage of NMI's below 216V for more than one per cent of the time (under-voltage)**



**Source:** Essential Services Commission

### Guaranteed Service Level scheme

Victorian electricity distributors must report their compliance and performance to the commission regarding the Guaranteed Service Level scheme.<sup>4</sup>

Guaranteed Service Level payments are designed to acknowledge the inconvenience customers experience when their distributor does not meet certain service levels.

Victorian electricity distributors who do not meet service levels under the Electricity Distribution Code of Practice must make payments to eligible customers.

Victoria's five electricity distributors commenced submitting performance reports to the commission in 2022.<sup>5</sup>

We recently completed our analysis of the data distributors submitted for the 2021–22 and 2022–23 financial years.

This is the first time we have published the Guaranteed Service Level scheme performance results (see Table 1 and Table 2 for further details).

**Table 1:** Number of affected customers under each Guaranteed Service Level payment category, by distributor

Total number of Guaranteed Service Level payments made to customers in 2021–22 and 2022–23						
Guaranteed Service Level payment category	Financial year	Ausnet Services	Jemena	CitiPower	Powercor Australia	United Energy Distribution
Late or missed appointments	2021–22	178	7	170	310	21
	2022–23	234	2	82	179	323
Delay to new connections	2021–22	2,116	165	20	301	25
	2022–23	2,263	13	19	306	931
Multiple outages of 18 hours or more per year	2021–22	19,135	162	266	4,961	454
	2022–23	24,955	204	109	6,994	631
Multiple (over 8 long outages or over 24 brief outages) per year	2021–22	2,962	Nil	1	17,232	25
	2022–23	20,863	Nil	Nil	14,738	Nil
Major event day payments for outages over 12 hours, for events like storms	2021–22	100,133	6,321	402	27,479	34,482
	2022–23	13,755	Nil	15	5,579	Nil
<b>Total</b>		<b>186,594</b>	<b>6,874</b>	<b>1,084</b>	<b>78,079</b>	<b>36,892</b>

<sup>4</sup> See the [Guaranteed Service Level scheme](#) for energy outages.

<sup>5</sup> The electricity distributors in Victoria are AusNet Electricity Services Pty Ltd, CitiPower Pty Ltd, Jemena Electricity Networks (Vic) Pty Ltd, Powercor Australia Limited and United Energy Distribution Pty Ltd.

**Table 2:** Amounts (in dollars) of Guaranteed Service Level payments made in each category, by distributor

Total Guaranteed Service Level payments made to customers in 2021–22 and 2022–23						
Guaranteed Service Level payment category	Financial year	Ausnet Services	Jemena	CitiPower	Powercor Australia	United Energy Distribution
Late or missed appointments	2021–22	\$6,095	\$280	\$5,950	\$10,850	\$725
	2022–23	\$8,190	\$70	\$2,870	\$6,265	\$11,305
Delay to new connections	2021–22	\$452,030	\$33,440	\$6,560	\$78,240	\$6,800
	2022–23	\$490,400	\$4,560	\$4,640	\$87,600	\$298,960
Multiple outages of 18 hours or more per year	2021–22	\$3,071,200	\$24,800	\$39,340	\$706,370	\$86,180
	2022–23	\$4,066,830	\$27,300	\$15,090	\$973,810	\$87,670
Multiple (over 8 long outages or over 24 brief outages) per year	2021–22	\$432,460	Nil	\$40	\$2,320,950	\$3,250
	2022–23	\$1,600,170	Nil	Nil	\$2,029,520	Nil
Major event day payments for outages over 12 hours, for events like storms	2021–22	\$9,011,970	\$568,890	\$36,180	\$2,473,110	\$3,103,380
	2022–23	\$1,237,950	Nil	\$1,350	\$682,110	Nil
<b>Total</b>		<b>\$20,377,295</b>	<b>\$659,340</b>	<b>\$112,020</b>	<b>\$9,368,825</b>	<b>\$3,598,270</b>

### Key insights from distributors' Guaranteed Service Level performance in 2021–22 and 2022–23

Distributors paid approximately \$22 million to Victorian customers after failing to meet the minimum service levels required during the 2021–22 financial year.

In 2022–23, the total Guaranteed Service Level payments almost halved compared to the previous year. This reduction is mainly due to a substantial decrease in major event day payments. This means customers received more reliable supply in 2022–23 compared to 2021–22.

Major event day payments were introduced into the Guaranteed Service Level scheme in 2021. These payments may be made following extreme weather events such as fires or storms that have broad impacts on the electricity network.

Distributors will be required to report 2023–24 Guaranteed Service Level scheme data to the commission later this year. This will include data relating to the recent storm events across Victoria that resulted in widespread electricity supply outages. We will publish this data in March 2025.

We continue to monitor distributors' compliance with their obligations to make payments to eligible customers under the scheme in a timely manner.



## Wrongful disconnections

Wrongful disconnections are a compliance and enforcement priority for the commission.

An energy retailer should only disconnect electricity or gas supply as a last resort, and only after it has followed rules relating to disconnection.

Energy companies must use their best endeavours to ensure all types of disconnections, including the abolishment of supply to a property, are raised correctly and accurately. This is particularly important in the case of meter abolishment as these types of disconnections involve the physical removal of the meter. This means that reconnection of supply can take an extended period of time where the disconnection is not raised correctly or is not at the request of the appropriately authorised person.

Energy companies should consider implementing adequate processes to ensure that their customers' supply is not interrupted without prior knowledge.

We remain committed to working with energy retailers with the aim to see a reduction in the number of customers wrongfully disconnected.

Table 3 and Table 4 provide a summary of the number of customers affected by wrongful disconnections self-reported by energy retailers to the commission and the amount of compensation paid to affected customers.<sup>6</sup>

We are concerned by the number of customers impacted by wrongful disconnections increasing significantly between July and December 2023. Energy retailers need to have comprehensive controls in place to ensure customers are only ever disconnected in line with the rules.

### Reviewing retailers' disconnection processes

The commission conducted compliance reviews on aspects of three retailers' disconnection processes in 2023. The findings are published on the commission's website.<sup>7</sup>

Following the reviews, Powershop Australia Pty Ltd, IPower Pty Ltd and IPower 2 Pty Ltd (trading as Simply Energy) and EnergyAustralia Pty Ltd have all made changes to mitigate human error and improve their compliance. Each retailer has implemented a remediation plan. We will continue to work with these retailers as they provide regular updates on the improvements the reviews identified.

**Table 3:** Number of customers affected by wrongful disconnections (self-reported by retailers)

Retailer	Total customers affected	
	July to September 2023	October to December 2023
AGL Sales Pty Ltd	8	1
Amber Electric Pty Ltd	1	Nil
M2 Energy Pty Ltd (Dodo)	1	Nil
EnergyAustralia Pty Ltd	6	1
Lumo Energy Pty Ltd	2	Nil
Origin Energy Electricity Limited	1	119
Origin Energy (Vic) Pty Limited		
OVO Energy Pty Ltd	1	Nil
IPower Pty Limited & IPower 2 Pty Limited (Simply Energy)	5	Nil
Momentum Energy	Nil	3
Next Business Energy	Nil	1
<b>Total</b>	<b>25</b>	<b>125</b>

<sup>6</sup> This data represents the current figures as at 23 January 2024. Figures may have changed for previous periods as a result of ongoing reporting by retailers in respect of prior periods and associated reconciliation of data.

<sup>7</sup> See [Compliance Reviews](#) for more information.

**Table 4:** Compensation paid in relation to self-reported wrongful disconnections

Total wrongful disconnections amount paid		
Retailer	July to September 2023	October to December 2023
AGL Sales Pty Ltd	\$11,382	\$1,121
Amber Electric Pty Ltd	\$100	Nil
M2 Energy Pty Ltd (Dodo)	\$656	Nil
EnergyAustralia Pty Ltd	\$7,625	\$188
Lumo Energy Pty Ltd	\$3,101	Nil
Origin Energy Electricity Limited Origin Energy (Vic) Pty Limited	\$3,500	\$206,950
OVO Energy Pty Ltd	\$522	Nil
IPower Pty Limited & IPower 2 Pty Limited (Simply Energy)	\$657	Nil
Momentum Energy Pty Ltd	Nil	\$3,307
Next Business Energy	Nil	\$1,200
<b>Total</b>	<b>\$27,543</b>	<b>\$212,766</b>



## Customers experiencing payment difficulty

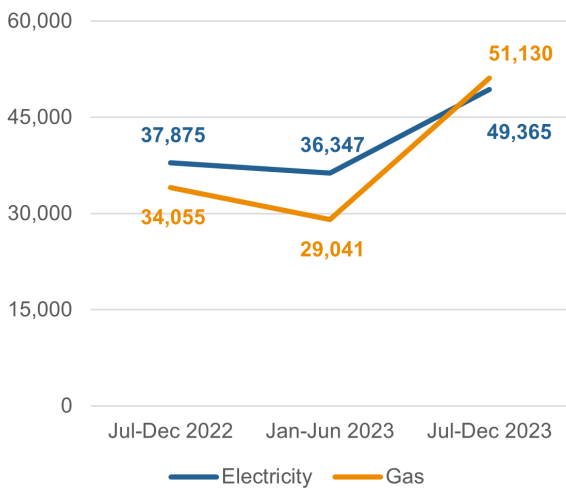
### More energy customers received government assistance grants

An increasing number of energy customers have requested and received Utility Relief Grants between July to December 2023.

There was a greater increase in gas customers receiving grants, which could be linked to increased gas prices and increased gas consumption during winter.

Energy retailers submitted more Utility Relief Grant applications (to the Department of Families, Fairness and Housing), during July to December 2023 compared to the same period in 2022 (Figure 3). The number of applications submitted increased by 50 per cent for gas and 30 per cent for electricity.

**Figure 3:** Utility Relief Grant applications completed and submitted (total every six months)



### Retailers must help customers apply for Utility Relief Grants

Retailers must support a customer in completing a Utility Relief Grant application. This includes helping their customers to complete their form over the phone and submitting the application.

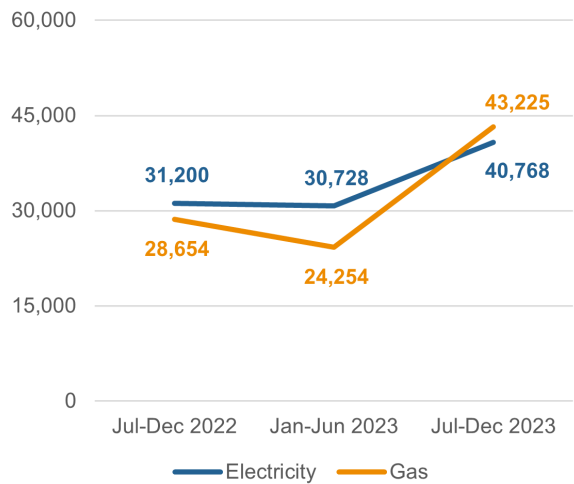
They must also provide information to customers about other government and non-government assistance (such as concessions).

More Utility Relief Grant applications were also approved during the same periods (Figure 4).

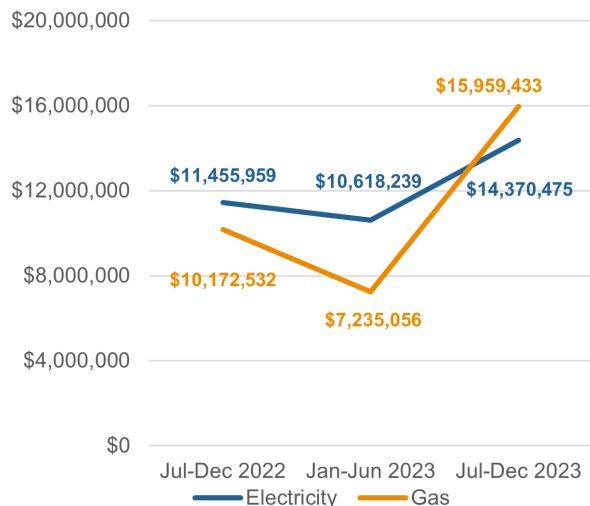
The total amount of Government assistance grants paid to gas customers increased by 57 per cent and by 25 per cent for electricity customers compared to the same period in 2022 (Figure 5).

On average each customer received \$352 for electricity and \$369 for gas during July to December 2023.

**Figure 4:** Utility Relief Grant applications approved (total every six months)



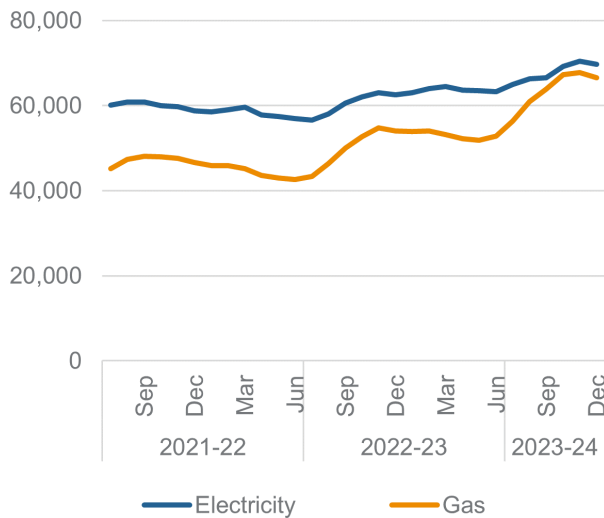
**Figure 5:** Utility Relief Grant amount paid (total every six months)



**More energy customers are receiving payment assistance, with gas customers more affected**

The highest average number of customers were accessing tailored assistance in November 2023, since the Payment Difficulty Framework commenced in 2019 (see Figure 6).<sup>8</sup>

**Figure 6:** Number of customers accessing tailored assistance, by fuel



**Note:** This chart represents all Victorian retailers excluding Simply Energy due to reporting issues.

There were notable increases in gas customers accessing tailored assistance. In December 2023, there were 66,571 gas customers receiving tailored assistance, up 23 per cent compared to December 2022.

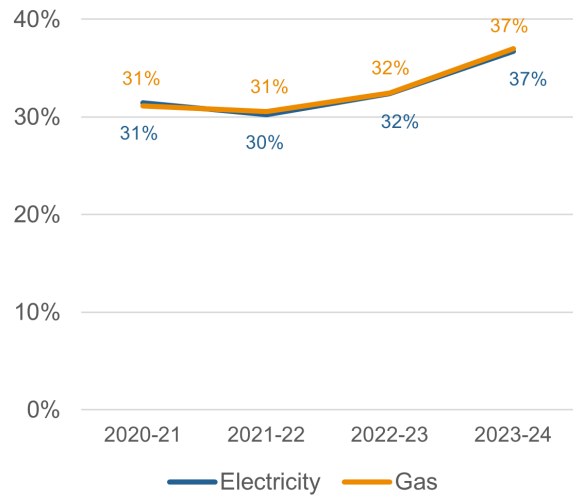
For the same period there was an 11 per cent increase in electricity customers receiving assistance (up to 69,722).

The number of gas customers receiving assistance usually peaks after winter. However, gas prices increased from July 2022.<sup>9</sup> This may have also contributed to an increased need for customer support.

**An increasing percentage of tailored assistance customers cannot pay for their ongoing energy use**

While more customers received assistance, a greater proportion of customers cannot pay for their ongoing energy use (Figure 7).

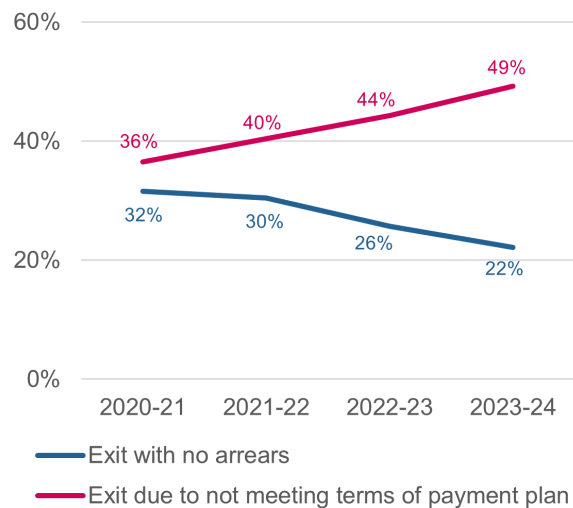
**Figure 7:** Percentage of tailored assistance customers that are unable to pay their ongoing energy use, by fuel<sup>10</sup>



**Note:** This chart represents all Victorian retailers excluding Simply Energy due to reporting issues.

These customers' debt will accumulate, making it more difficult for them to pay off their arrears over time. Since 2022–23, we have seen a lower percentage of customers successfully ending their need for tailored assistance with no arrears (Figure 8 and Figure 9).

**Figure 8:** Electricity customer's reason for exiting tailored assistance (proportion of all exits)



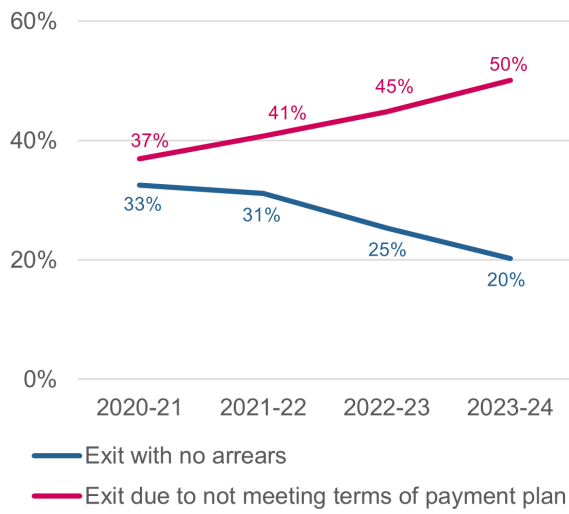
**Note:** This chart represents all Victorian retailers excluding Simply Energy due to reporting issues.

<sup>8</sup> Figure 6 to Figure 9 represent all Victorian retailers excluding Simply Energy due to reporting issues.

<sup>9</sup> Please consult the [September 2023 Victorian Energy Market Report](#).

<sup>10</sup> Figures for 2023–2024 only include data from July to December 2023.

**Figure 9:** Gas customer's reason for exiting tailored assistance (proportion of all exits)



**Note:** This chart represents all Victorian retailers excluding Simply Energy due to reporting issues.

It remains as important as ever for retailers to support customers as early as possible with assistance for payment difficulty.

We will continue to closely monitor this space and how retailers are engaging and supporting customers experiencing payment difficulties.



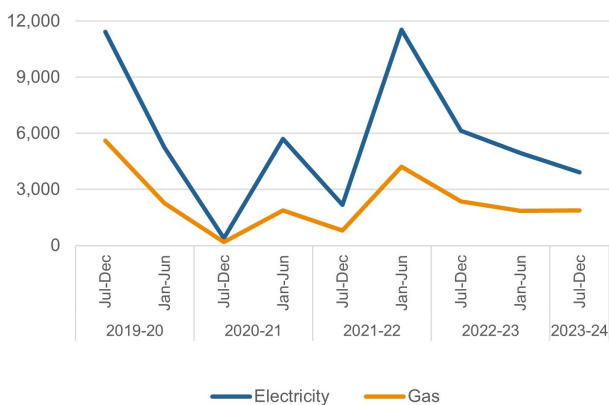
## Disconnections

### Fewer energy customers were disconnected for not paying their bill in the second half of 2023

Fewer customers were disconnected for non-payment between July and December 2023 compared to the same period in 2022.

From July to December 2023, retailers disconnected 3,921 electricity and 1,877 gas residential customers for non-payment (Figure 10).

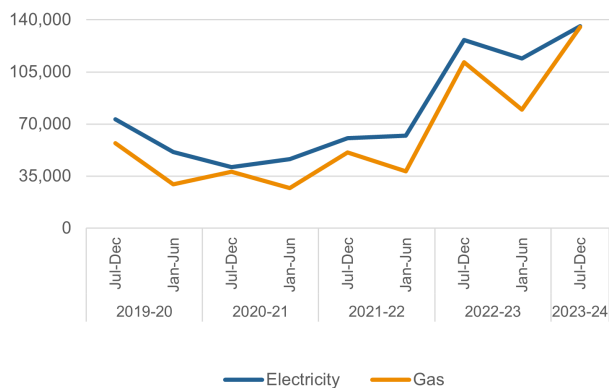
**Figure 10:** Residential customers disconnected for non-payment (total every six months)



**Note:** This chart represents all Victorian retailers excluding Simply Energy due to reporting issues.

However, during the same period, retailers issued more reminder notices and disconnection warning notices to customers (Figure 11). Disconnection warning notices are the last step prior to disconnection, leaving customers at risk of being disconnected.

**Figure 11:** Disconnection warning notices sent to residential customers (total every six months)



**Note:** This chart represents all Victorian retailers excluding Simply Energy due to reporting issues.

An energy retailer should only disconnect electricity or gas supply as a last resort, and only after it has followed rules relating to disconnection.

We continue to monitor and examine how energy businesses have been engaging with customers. Customers are entitled to assistance when they miss an energy bill payment and are protected from disconnection if they are receiving this assistance.

### Disconnection for non-payment is a measure of last resort

As part of ensuring that disconnection for non-payment is a measure of last resort, retailers must send a reminder notice and a disconnection warning notice (if a customer owes more than \$300), which can prompt a customer to engage with the retailer or pay their bill.

After receiving a disconnection warning notice, a retailer can disconnect a customer if they owe more than \$300 and are not currently receiving payment assistance. A retailer cannot disconnect a customer if they are receiving payment assistance.

## Market entry and exit

### Our role in licensing energy businesses

The commission issues licences to energy businesses to operate in the Victorian energy market. This includes licensing:

- electricity and gas retailers
- electricity generators
- electricity and gas distributors
- electricity transmission companies.

### Distribution, transmission and generation licences

We granted one electricity transmission licence and two electricity generation licences. We did not grant any energy distribution licences.

- Marinus Link Pty Ltd was granted an electricity transmission licence to transmit electricity through parts of a new Tasmanian-Victorian interconnector located within Victoria.
- Girgarre Solar Farm Pty Ltd was granted an electricity generation and sale licence for a solar farm.
- Ryan Corner Development Pty Ltd was granted an electricity generation and sale licence for a wind farm.

### Energy retail licences

We did not grant any energy retail licences.

### Licence variations and revocations

We revoked three licences by agreement with the licensee:

- Mojo Power East Pty Ltd's electricity retail licence
- QEnergy Limited's electricity retail licence
- WINconnect Pty Ltd's electricity retail licence.

We also varied five licences by agreement with the licensee:

- Onsite Energy Solutions Pty Ltd's electricity retail licence
- Wangaratta Solar Farm Pty Ltd's electricity generation and sale licence
- Enel Energy Australia Pty Ltd's electricity wholesale licence
- Mortons Lane Windfarm Pty Limited's electricity generation and sale licence
- Diapur Wind Farm Pty Ltd's electricity generation and sale licence.

<sup>11</sup> See the Australian Government's website for more information about the [Energy Innovation Toolkit](#).

### Licence transfers

We did not approve any licence transfers.

### Retailer of Last Resort events

The commission administers the Retailer of Last Resort scheme in Victoria. The scheme protects Victorian energy customers when their energy retailer goes out of business. Customers are transferred from the failed retailer to a 'Retailer of Last Resort' to make sure that their energy supply continues.

There were no Retailer of Last Resort events in the period.

### Regulatory sandboxing

Victoria's regulatory sandboxing framework:

- Enables innovators to trial new products and services for a time-limited period.
- Helps inform future changes to the energy rules on a more permanent basis.

The commission works closely with the Australia Energy Regulator to respond to Victorian enquiries received through the Innovation Enquiry Service.<sup>11</sup>

While we have not received any trial waiver applications since the framework commenced, we continue to provide information and assistance to persons with enquiries.

### Electricity licence exemptions

We administer the General Exemption Order 2022. The new order took effect on 1 January 2023 (replacing the General Exemption Order 2017).

The General Exemption Order 2022 exempts a range of persons from needing to have an electricity licence in Victoria. Many exemptions must be registered with us. These include exemptions for selling and supplying electricity in embedded networks.

We registered 31 electricity licence exemptions between October and December 2023.



## Reports and reviews

### Land Access Code of Practice

We have developed and published an enforceable Land Access Code of Practice. This code regulates the rules and processes that transmission companies must follow when accessing or seeking to access private land. The Code introduces obligations on transmission companies with the purpose of minimising the impact of access and improving consultation with affected parties, including landowners and occupiers.

The Code of Practice was released on 30 November 2023, and came into effect on Friday, 1 March 2024.<sup>12</sup>

### Gas Distribution System Code of Practice

We are reviewing the Gas Distribution System Code of Practice. We completed the draft decision consultation between 14 November and 21 December 2023, and expect the final decision in quarter one of 2024, with an expected date for them to come into effect from 1 May 2024.

The Gas Distribution System Code of Practice sets out customer protections and obligations that gas distributors must follow while operating in Victoria. It addresses key risks posed by the energy transition to achieve net zero emissions. Additionally, it will promote more effective compliance monitoring and enforcement.

### The Electricity System Code Revocation

As part of our objective to streamline regulatory frameworks, we are currently reviewing the Electricity System Code. We no longer consider this code a relevant regulatory instrument. This is because transmission and distribution businesses are now primarily regulated through the National Energy Framework and administered by the Australian Energy Market Operator and the Australian Energy Regulator.

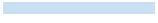
A draft decision was published on 28 September 2023, following which we had a six-week consultation period where we invited feedback from stakeholders and the public.<sup>13</sup> A summary of this was published on 14 December 2023. We continue to engage with stakeholders and expect to publish our decision in March 2024.

<sup>12</sup> See the [Land Access Code of Practice](#).

<sup>13</sup> See the [draft decision and summary](#).

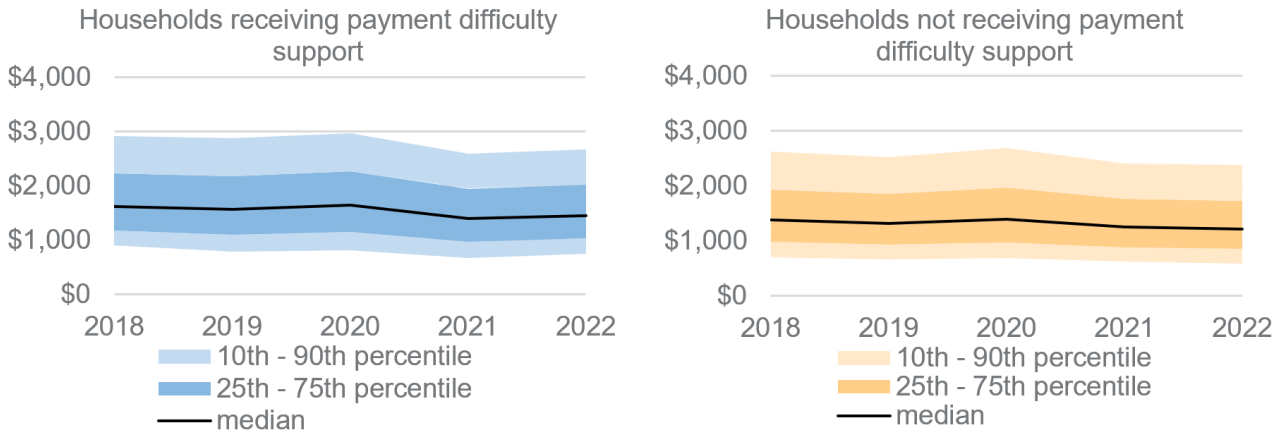


# Appendix:

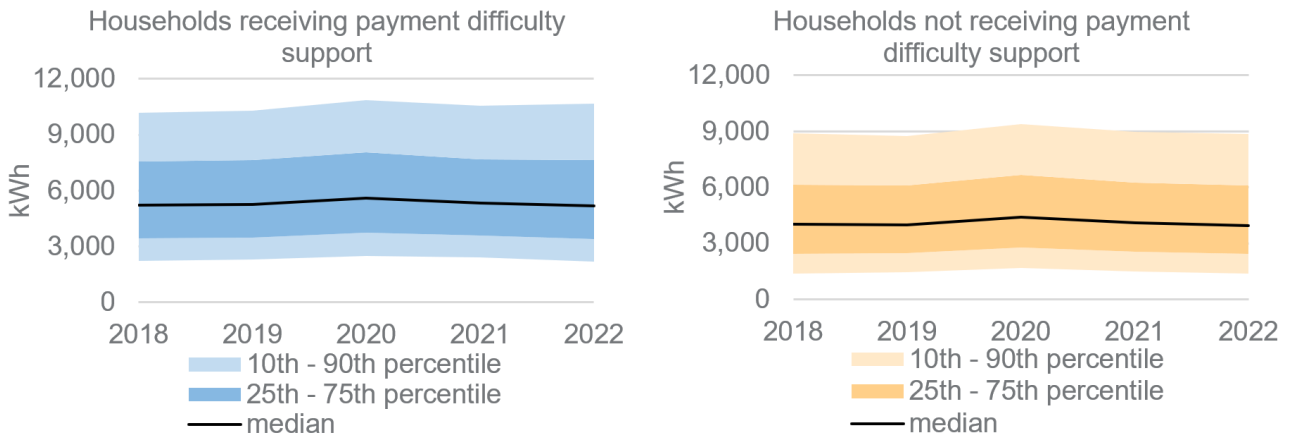


## Appendix

**Figure 1: Annual bill (\$) by customer type**



**Figure 2: Annual usage (kWh) by customer type**



**Figure 3: Effective price (\$/kWh) by customer type**

