VICTORIAN

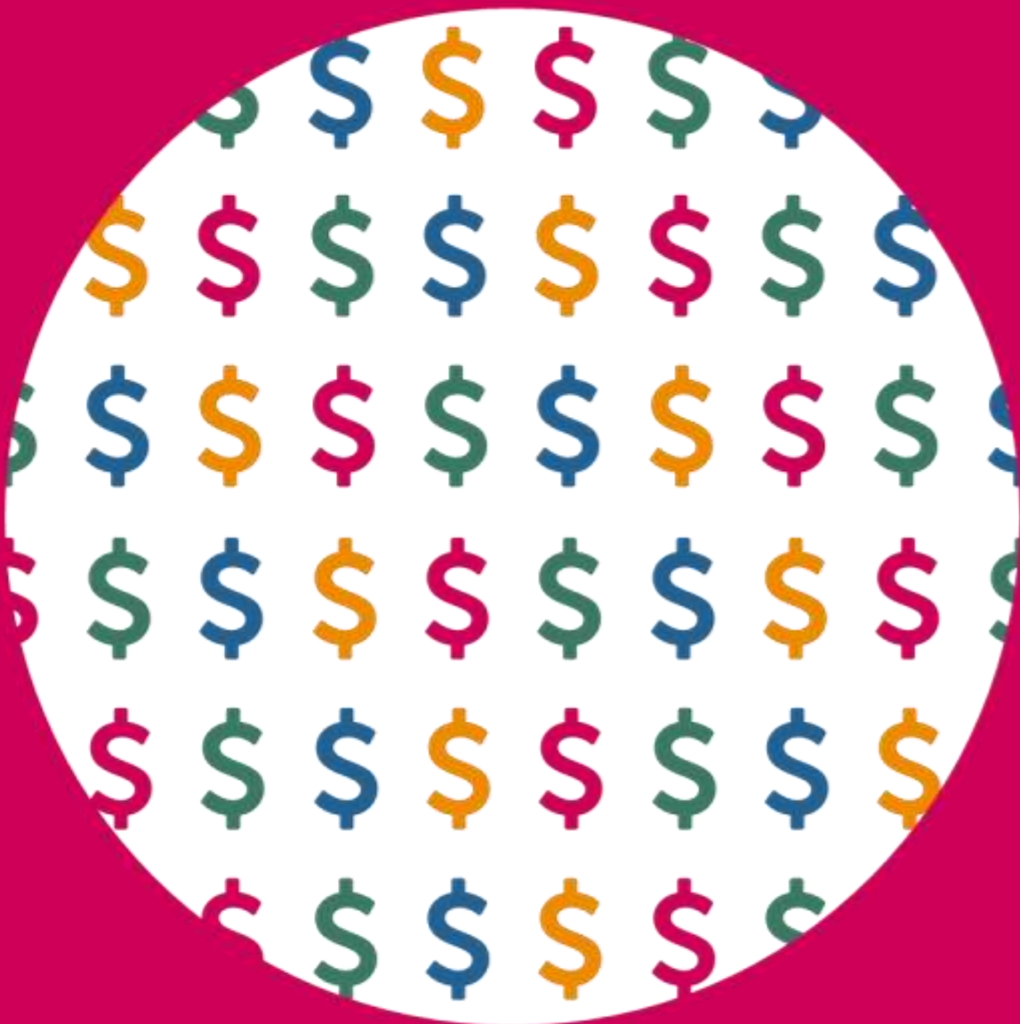
Energy Market

REPORT

SEPTEMBER 2024

Wholesale prices drive retail price movements

Energy in Victoria



ESSENTIAL SERVICES COMMISSION

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:

Essential Services Commission 2024, *Victorian Energy Market Report: September 2024*, 26 September

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*; sections 47 and 223(3) of the *Gas Industry Act 2001*; and section 67(1) of the *Victorian Energy Efficiency Target Act 2007*.

Contents

Introduction

The commission closely monitors Victorian electricity and gas markets for competitiveness and efficiency. This edition of the Victorian Energy Market Report highlights the importance of the Victorian Default Offer and consumer protections, particularly when consumers are facing increasing cost-of-living pressures.

Price movements

Gas and electricity market offers for residential and small business customers were higher in 2023–24 than in 2022–23.

Market offers for residential customers rose in 2023–24. Median residential electricity offers increased by 14 per cent compared to the previous year.

While offers from smaller retailers varied widely, smaller retailers continued to offer the cheapest prices to residential customers. The cheapest electricity offers from smaller retailers was almost $100 less than the cheapest offer from large retailers.

Small businesses faced the highest increases. Electricity market offers to small businesses rose by 27 per cent while gas market offers also increased by 19 per cent in 2023–24.

Our findings also show that energy retailers price most of their market offers below the Victorian Default Offer. A typical household would have saved around $240 by switching from the Victorian Default Offer to the median market offer in 2023–24.

Compliance and enforcement priorities

We launched our 2024–25 energy compliance and enforcement priorities on 25 June 2024. The annual priorities promote transparency and competition in the Victorian energy market. They include consumer protections during widespread unplanned outages and emergency management.

Compliance reviews

Compliance reviews are a key part of our proactive compliance program.

We wrote to electricity retailers in June 2024 after observing large unconditional discount offers in the lead up to the new Victorian Default Offer coming into effect.

Offering these types of discounts may have left customers with a false impression that the discount would roll over to 2024–25 and could lead to bill shock. We continue to closely monitor retailers' advertising practices. Should we identify potential breaches of the Australian Consumer Law, we can refer the matter to Consumer Affairs Victoria.

Enforcement action

The commission continues to take strong action when retailers do not comply with the rules. On 24 May 2024, ReAmped Energy Pty Ltd paid $369,840 in penalties for failing to comply with best offer obligations, affecting more than 3,000 Victorian customers. Our enforcement actions demonstrate that failure to comply with best offer messaging is unacceptable.

Commissioner update

We said farewell to Commissioner Sitesh Bhojani on 18 August 2024. During his five-year term, Sitesh served the Victorian community as the commission's first Enforcement Commissioner. Sitesh was instrumental in building our formidable investigative capability and in using our different enforcement options to deliver strong enforcement outcomes.

We are pleased to announce two new commissioners.

Commissioner Jess Young, appointed 24 June 2024 brings extensive experience in regulatory economics and has a strong background in both government and industry.

Our new Chairperson, Gerard Brody, joined the commission on 19 August 2024. Gerard brings valuable experience in consumer policy, as well as regulatory and legal experience and a long-standing passion for helping consumers.

We look forward to working with our new commissioners as we continue to build our reputation as a strong consumer-focused regulator, improving the experience for Victorian energy consumers.

Wholesale prices drive retail price movements

Wholesale prices drive retail price movements

Electricity offers remain elevated in 2023–24

Electricity offers were higher in 2023–24 compared to the previous year.[1] Retailers increased their advertised prices because wholesale prices, which make up about one–third of retail prices, increased.

For households: median market offers increased by around $180 (14 per cent) in 2023–24 compared to 2022–23 (see Table 1).

For small businesses: median market offers increased by $1,465 (27 per cent) in 2023–24 compared to 2022–23 (see Table 1).[2]

Table 1: Median residential and small business flat rate electricity offers (Jemena distribution zone) [3]

	2020–21	2021–22	2022–23	2023–24
Residential	$1,264	$1,195	$1,298	$1,478
Small business	$5,243	$5,215	$5,409	$6,873

Source: Essential Services Commission analysis of Victoria Energy Compare data

Median market offers for households have fallen from their peak in mid–2023 but remain elevated in 2023–24 (see Figure 1). Our most recent data suggests that residential offers may be on the rise again. July 2024 shows a noticeable rising trend in prices, with a 10 per cent increase from the previous month.

The Victorian Default Offer protects consumers

The Victorian Default Offer (VDO) is a simple and trusted electricity price that is set by us, not energy companies. We set the VDO price that applies from 1 July to 30 June each year.

In comparison, market offers are competitive offers set by electricity retailers and may include a discount. Retailers change their market offers frequently to reflect higher or lower costs and competition for new customers.

A household or small business will be charged the VDO price if they have not signed up for an electricity market offer contract, or if they specifically request the VDO from their retailer.

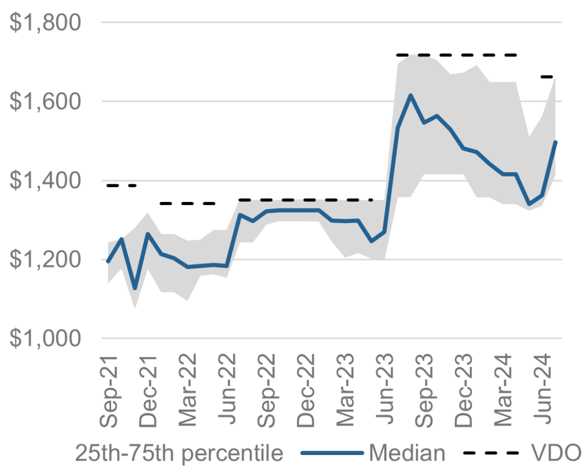
The VDO is for customers who are not on market offers, who are unable or unwilling to engage in the electricity retail market. Standing offer customers are charged the VDO price. This gives customers certainty when market offers rise or fall.

The VDO is also a benchmark price for customers on market offers. Retailers' advertising must compare market offers to the VDO price. This enables customers to easily compare market offers and choose a plan that best suits their needs.

Engaging in the market can provide real savings for consumers. Electricity retailers priced more than 75 per cent of their residential market offers below the VDO in 2023–24.[4] Switching from the VDO to the median market offer would have saved a typical household around $240 in 2023–24.

For small businesses, switching from the VDO to the median market offer would have saved around $220 in 2023–24. Electricity retailers priced around 90 per cent of their small business market offers below the VDO in 2023–24.

Figure 1: Median residential flat rate electricity offers (Jemena distribution zone)



Source: Essential Services Commission analysis of Victoria Energy Compare data

Smaller retailers continue to offer the cheapest prices

Figure 2 shows the cheapest prices in the market were offered by smaller retailers.[5]

1 There are five electricity distribution zones in Victoria: Citipower, Jemena, United, Powercor and AusNet. Electricity offers vary across these zones. In line with previous reports, we present analyses for the Jemena distribution zone as it represents a mix of suburban and country areas and other distribution zones. See the Appendix for information about offers in the other distribution zones.

2 We have calculated average annual electricity bills for small business customers assuming an average annual usage of 20,000 kWh.

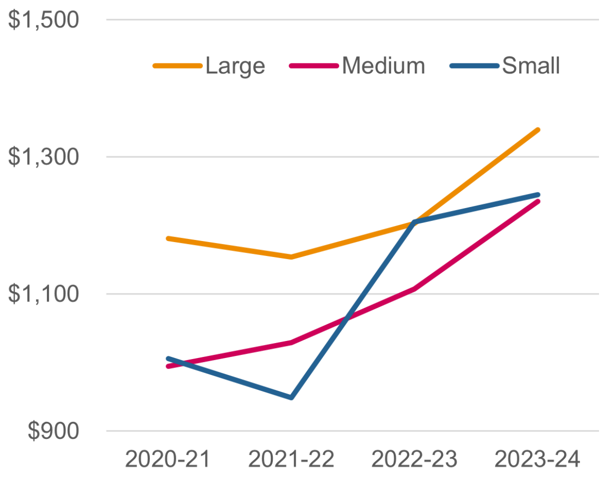
3 See the Appendix for additional data on electricity market offers by distribution zone.

4 The 2023–24 VDO for an average domestic customer (assuming annual usage of 4,000kWh) increased by 25 per cent compared to the 2022–23 VDO.

5 Retailers' cheapest offers are assessed at the 10th percentile. This approach helps to avoid misleading outcomes arising from potential outliers. Research (e.g., Mountain & Rizio, 2019) also shows that customers who switch do not always select the lowest offer.

The cheapest offers from small and medium retailers were around $100 less than the cheapest offer from large retailers in 2023–24.

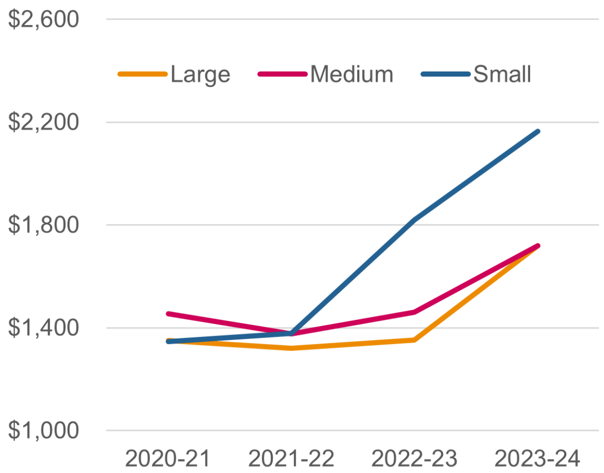
Figure 2: 10th percentile residential flat rate electricity offers (Jemena distribution zone), by retailer size



Source: Essential Services Commission analysis of Victoria Energy Compare data

Retailers can offer a range of prices and while smaller retailers offered some of the cheapest prices, they also offered some of the most expensive (see Figure 3).[6] The most expensive offer from small retailers was around $2,165 in 2023–24, which is around $440 more than the most expensive offers from larger retailers.

Figure 3: 90th percentile residential flat rate electricity offers (Jemena distribution zone), by retailer size



Source: Essential Services Commission analysis of Victoria Energy Compare data

Wholesale electricity prices have been rising in 2024

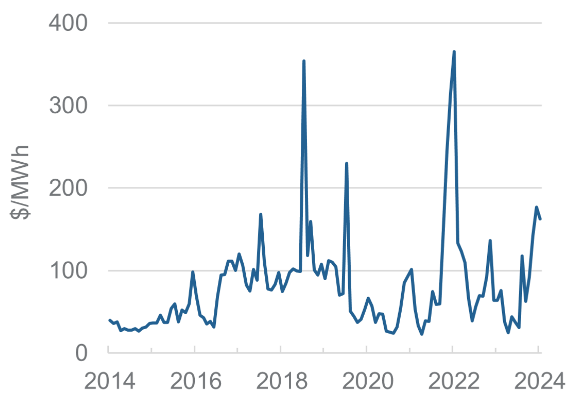
Changes in wholesale costs affect retail offers. Wholesale costs are around one-third of retail electricity prices.

Retailers purchase electricity from the spot wholesale market. Retailers also purchase electricity from the futures wholesale market. Purchasing electricity from the futures market allows retailers to lock in the future price paid for electricity and avoid the risk of rising spot prices. Both wholesale electricity spot and futures markets play an important role in determining what prices retailers offer the market.

Futures and spot prices are on the rise in Victoria and across the National Electricity Market (NEM). The average electricity spot price in Victoria was around $177 (MWh) in June 2024, which is 176 per cent higher than in June 2023 (see Figure 4). Colder weather conditions, higher demand, and reduced renewable generation were key drivers of increased spot prices.[7]

Monthly average wholesale spot prices are rising, despite easing from their peak in mid-2022 (see Figure 4). In 2023–24, the average electricity spot price fell by around 32 per cent compared to 2022–23.

Figure 4: Monthly volume-weighted average electricity spot price [8]



Source: Essential Services Commission analysis of Australian Energy Market Operator data

6 Retailers' most expensive offers are assessed at the 90th percentile. This approach helps to avoid misleading outcomes arising from potential outliers.

7 Australian Energy Regulator, *Wholesale markets quarterly Q2 2024*.

8 Average electricity spot prices are calculated as volume-weighted averages to account for varying demand at different prices.

Our most recent data shows futures prices are on the rise, reflecting an expectation of higher electricity spot prices in the third quarter of 2024 (see Figure 5). In June 2024, the average price of Q3 (July to September) 2024 base futures was seven per cent higher compared to the same time last year.

Figure 5: Monthly volume -weighted average settlement price of ASX Q3 (Jul–Sep) 2024 base futures

Source: Essential Services Commission analysis of ASX energy data

Gas offers remain elevated in 2023–24

Gas market offers remained elevated in 2023–24.[9] For residential gas customers, the median market offer was around $1,960 in 2023–24, up two per cent from $1,925 in 2022–23.

For small business gas consumers, the median market offer was around $16,560 in 2023–24, representing a 19 per cent increase since 2022–23 (see Table 2).

Although residential gas offers grew by a smaller amount compared to small business gas offers in 2023–24, residential offers remain substantially higher than previous years (see Table 2).

Table 2: Median residential and small business gas offers (Australian Gas Networks distribution zone)[10]

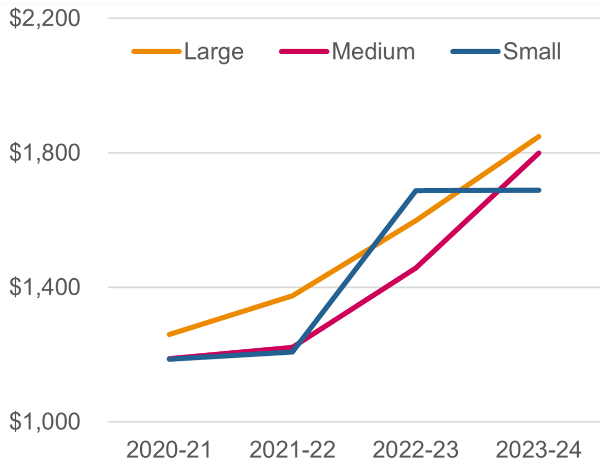
	2020–21	2021–22	2022–23	2023–24
Residential	$1,391	$1,465	$1,925	$1,958
Small business	$9,904	$10,066	$13,939	$16,562

Source: Essential Services Commission analysis of Victoria Energy Compare data

Smaller retailers offer the cheapest gas offers

In 2023–24, the cheapest gas offers were made by smaller retailers (see Figure 6). The cheapest gas offers made by small and medium sized retailers were around $160 and $50 less each year than the cheapest gas offers made by large retailers.

Figure 6: 10th percentile residential gas market offers, by retailer size and financial year (Australian Gas Networks distribution zone)



Source: Essential Services Commission analysis of Victoria Energy Compare data

Smaller retailers also offered some of the most expensive prices in 2023–24. Small and medium sized retailers' most expensive gas offers were about $195 to $285 higher than those of large retailers in 2023–24.

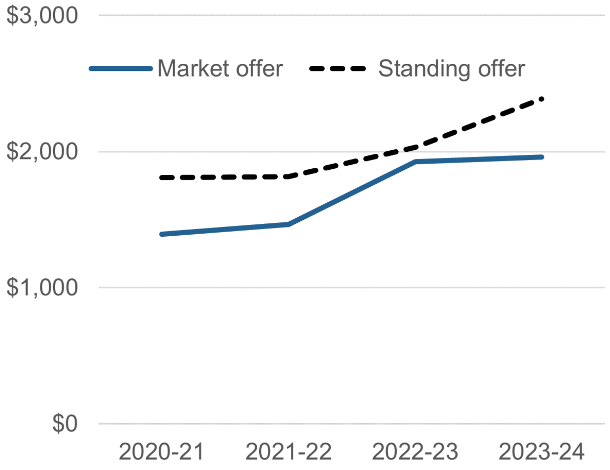
Residential customers on market gas offers continued to pay lower prices than customers on standing gas offers in 2023–24 (see Figure 7).

In 2023–24, residential gas customers could save even more by switching from a standing to a market offer (see Figure 7). In 2023–24, a typical residential gas customer could save around $430 by switching from the median standing offer to the median market offer. This is substantially higher than the $110 savings available in 2022–23.

In the same period, a typical small business gas customer could save around $1,050 by switching from the median standing offer to the median market offer. The savings are lower than 2022–23, when small business gas customers could save around $1,700.

[9] There are three gas distribution zones in Victoria: Australian Gas Networks, Multinet and AusNet Services. Gas offers vary across these areas. In this report, we present analyses for the Australian Gas Networks distribution zone. See the Appendix for information about offers in other distribution zones.
[10] See the Appendix for additional data on gas market offers by distribution zone.

Figure 7: Median residential gas offers, by offer type (Australian Gas Networks distribution zone)



Source: Essential Services Commission analysis of Victoria Energy Compare data

Like retail electricity markets, a gas standing offer provides a benchmark price for retailers to make discounted market offers. However, prices of gas standing offers are not regulated like in retail electricity markets. This means that there is no consistent benchmark price across the market, rather each retailer sets its own standing offer as its benchmark price.

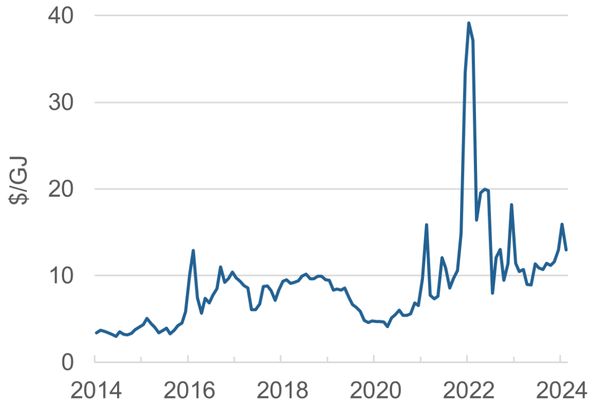
Further, the spread of offers, which is the difference between the highest and lowest price, is far higher in retail gas markets than in retail electricity markets.

Wholesale gas prices rebound

Higher wholesale gas prices can put upward pressure on the prices retailers offer their customers.

While average wholesale gas prices fell by around 47 per cent in 2023–24 compared to 2022–23, prices are on the rise in 2024 (see Figure 8). Higher prices in 2024 likely reflect the increased demand during winter months, which is typically at its peak.

Figure 8: Monthly volume weighted average wholesale gas price



Source: Essential Services Commission analysis of Australian Energy Market Operator data

Energy in Victoria

April – June 2024

Customers experiencing payment difficulty

16 per cent more electricity and 14 per cent more gas residential customers access tailored assistance in June 2024 compared to June 2023

29 per cent more electricity and 40 per cent more gas Utility Relief Grant applications in 2022–2023

Compliance and enforcement

ReAmped paid $369,840 in penalties on 24 May 2024 for failing to comply with best offer obligations.

Market entry and exit

One electricity generation and three electricity wholesale licences granted.

181 electricity license exemptions registered

Disconnections

2,028 electricity and 726 gas residential customers were disconnected for non-payment during the quarter.

18 per cent fewer electricity disconnections and 20 per cent fewer gas disconnections in
April–June 2024 compared to the same period in 2023.

Compliance and enforcement activities

Compliance and enforcement priorities for energy in 2024–25

We launched our energy compliance and enforcement priorities on 25 June 2024.[11] To promote our focus areas to our stakeholders we held a community sector webinar on 17 July 2024 and an energy industry webinar on 23 July 2024.

The annual energy compliance and enforcement priorities promote transparency and competition in the Victorian energy market for the long-term interests of consumers.

The commission will continue to build community and consumer trust in the energy market by promoting and enforcing compliance in these priority areas. Beyond our priorities, the commission takes action where we identify harm associated with significant non-compliance with energy laws.

Our priorities for 2024–25

Disconnections for non-payment	Electricity and gas are essential services. Consumers should only ever be disconnected by an energy retailer as a last resort for non-payment of a bill.
Payment Difficulty Framework	Energy retailers are required to provide assistance to customers who are anticipating or experiencing difficulty paying their bills. We will focus on making sure customers are provided with all their minimum entitlements. This includes practical assistance to reduce their energy usage and to access concessions and the Utility Relief Grant Scheme.
Protecting customers experiencing vulnerability	Our enduring priority is to help Victorians experiencing vulnerability to access essential services, especially those who are affected by family violence, or are experiencing payment difficulty.
Statutory land access powers	We will monitor and promote compliance with new rules regarding statutory land access by electricity transmission businesses under the Land Access Code of Practice.
Consumer protections during widespread unplanned outages and emergency management	Distributors must provide reliable and timely information to customers during power outages and emergency events. We will monitor and promote compliance by distributors in providing reliable and timely information about outages and supply restoration timeframes.
Gas connection abolishment	We will monitor and promote compliance with new rules, including gas connection abolishment requirements, under the Gas Distribution Code of Practice. It is important consumers understand the process to have their gas supply abolished.

[11] See *Compliance and enforcement priorities for energy in 2024–25.*

Compliance reviews

Completed audit of ENGIE identifies areas of improvement

ENGIE identified significant errors in the data it reported to the commission in March 2024. We directed ENGIE to appoint an independent reviewer to review the reliability and accuracy of the data submitted by ENGIE. ENGIE nominated, and we approved, PricewaterhouseCoopers (PwC) to conduct the review.

PwC completed the audit of ENGIE's data in June 2024. PwC identified instances where ENGIE was not able to provide sufficient or appropriate evidence that it followed the requirements of the Compliance and Performance Reporting Guideline (CPRG). PwC also identified instances where ENGIE did not submit data consistent with the requirements of the CPRG.

The commission expects that these inconsistencies will be addressed by ENGIE and that all future submissions will be consistent with the requirements of the CPRG.

ENGIE's data will be excluded from our Victorian Energy Market Report and Dashboard until we are satisfied that the data it reports is accurate.

See our website for more information.

Energy marketing activities

Energy retailers must represent and communicate their prices in a way that complies with the Australian Consumer Law. Any statement by a retailer that creates a false impression about a discount may be in contravention of this law.

The commission wrote to retailers in June 2024, after observing large unconditional discounts being offered in the lead up to new VDO tariffs coming into effect from 1 July 2024. Offering these types of discounts within weeks of new tariffs taking effect may have left customers with a false impression that the discount would roll over to 2024–25. This may lead to bill shock and customers becoming financially worse off.

When advertising an unconditional discount, retailers must state any condition clearly and conspicuously. We will continue to closely monitor retailers' advertising practices.

Should we identify potential breaches of the Australian Consumer Law, regarding the provision of false or misleading information, we may refer the matter to Consumer Affairs Victoria or the Australian Competition and Consumer Commission.

Voltage performance

The commission continues to monitor electricity distributors' performance with voltage performance obligations. These obligations are outlined in the Electricity Distribution of Practice and must be reported to the commission on a quarterly basis.

In the March to May 2024 quarter, all distributors self-reported data that showed they are functionally compliant with the relevant performance obligations. This indicates that consumers' premises and businesses received voltage levels that have remained within the parameters allowed for over- and under-voltage.

The commission has published the voltage performance data for January to June 2024 on our voltage webpage.

Our enforcement activities

We use our enforcement powers in the public interest, aiming to:

- protect consumers, especially those experiencing vulnerability
- deter future non-compliance
- limit the ability of a business to benefit from non-compliance
- enhance trust in the energy market.

We will continue to act, including considering litigation, when we uncover evidence that demonstrates energy businesses may have contravened the law.

Payment Difficulty Framework guideline

The Payment Difficulty Framework requires that energy retailers provide payment assistance to customers facing or anticipating bill stress. The commission's data shows that the Payment Difficulty Framework has been broadly applied across the retail industry. The commission's expectation remains that there is no excuse for failing to provide the help consumers are legally entitled to, especially those who may be experiencing vulnerability.

The commission published the Payment Difficulty Framework guideline in July 2024. The guideline provides the commission's guidance to energy retailers and exempt sellers with respect to the obligations in Part 6 of the Energy Retail Code of Practice, and associated provisions that relate to the protection of customers experiencing hardship. It also outlines what the commission considers to be better practices that retailers may adopt.

The guideline consolidates and replaces previous guidance that the commission has published on the framework.

Enforceable undertakings

The commission accepted a court enforceable undertaking from AusNet on 29 April 2024.[12] AusNet offered the undertaking after it allegedly failed to provide required information to 255,000 customers during a catastrophic storm event in February 2024.

The undertaking represents a legally binding obligation for AusNet to provide $12 million in remedial assistance to affected customers of the storms under its Energy Resilience Community Fund. It also formalises AusNet's commitment to improve its systems and avoid a repeat of the same situation in a future power outage.

Under the terms of the undertaking, AusNet commissioned the Nous Group to undertake a post-incident review of its response to the storm event. The review has been completed and AusNet has submitted the findings and recommendations related to customer communications to the commission. AusNet must provide regular updates on its progress against these recommendations.

AusNet has also engaged an independent auditor to conduct a review into the technical root cause of its Outage Tracker failure during the storms. The review found that certain components of the Outage Tracker were not designed to handle the volume of customers attempting to use it during the storm event. AusNet has provided the commission with its findings, recommendations and a proposed testing regime which it will implement over the coming months.

AusNet has donated $667,000 from its Energy Resilience Community Fund to the Brotherhood of St Laurence to further support consumers experiencing vulnerability. It will donate the same amount to St Vincent de Paul and Financial Counselling Australia by 31 October 2024.

The undertaking requires AusNet to distribute the full Energy Resilience Community Fund by 31 December 2026. AusNet must donate any residual funds to charities approved by the commission.

Penalty notices

ReAmped paid $369,840 in penalties on 24 May 2024 for failing to comply with best offer obligations. These penalties follow the court enforceable undertaking that was accepted by the commission in April 2024 for the same conduct.[13]

ReAmped failed to identify a customer's best offer (including by failing to have regard to the Victorian Default Offer tariffs), incorrectly calculated the best offer or did not provide a best offer message frequently enough. These issues affected 3,149 customers between August 2022 and June 2023.

ReAmped self-reported the issues affecting Victorian customers as required under the commission's reporting requirement.

12 See the *Enforceable Undertaking* for the full details of AusNet's court enforceable undertaking.
13 See the *Enforceable Undertaking* for the full details of ReAmped's court enforceable undertaking.

Wrongful disconnections

We remain committed to ensuring that Victorian consumers are not wrongfully disconnected and that retailers comply with Victoria's strict rules regarding disconnection of energy supply.

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 where the disconnection is not raised correctly or is not at the request of the appropriately authorised person.

Table 3 and Table 4 summarise the number of customers affected by wrongful disconnections and the amount of compensation paid to affected customers.[14]

The data from these tables is self-reported by energy retailers who are legally obligated to provide these reports to the commission in relation to wrongful disconnections.

Table 3: Number of customers affected by wrongful disconnections (self-reported by retailers in compliance with legal obligations to the commission), 2024

Retailer	Jan–Mar	Apr–Jun
AGL	645	3
M2 Energy	1	
Lumo Energy	2	
Momentum Energy	3	4
Next Business Energy	1	
Origin Energy	3	
Powershop	1	
ENGIE	2	2
Sumo Power	2	3
EnergyAustralia		16
Ovo Energy		4
Total	**660**	**32**

Table 4: Total compensation ($) paid to customers for self-reported wrongful disconnections, 2024

Retailer	Jan–Mar	Apr–Jun
AGL	$332	$1,057
M2 Energy	$190	
Lumo Energy	$233	
Momentum Energy	$1,666	$4,338
Next Business Energy	$500	
Origin Energy	$6,699	
Powershop	$3,500	
ENGIE	$793	$1,074
Sumo Power	$1,071	$4,500
EnergyAustralia		$8,722
Ovo Energy		$2,070
Total	**$14,984**	**$21,761**

[14] This data represents the current figures as of 1 August 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.

Customers experiencing payment difficulty

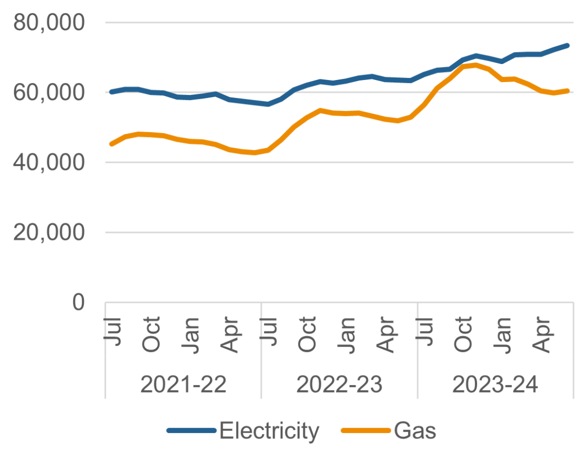
More customers continue to receive payment assistance

More customers have been accessing tailored assistance for both electricity and gas over the past two years (Figure 9).[15]

In June 2024, there were 73,327 electricity customers accessing tailored assistance, an increase of 16 per cent since June 2023.

There was a seasonal decrease in gas customers accessing tailored assistance, to 60,476 in June 2024. However, this is a 14 per cent increase compared to June 2023.

Figure 9: Number of customers accessing tailored assistance, by fuel



Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

Average arrears have decreased for tailored assistance customers who cannot pay for their on-going energy use

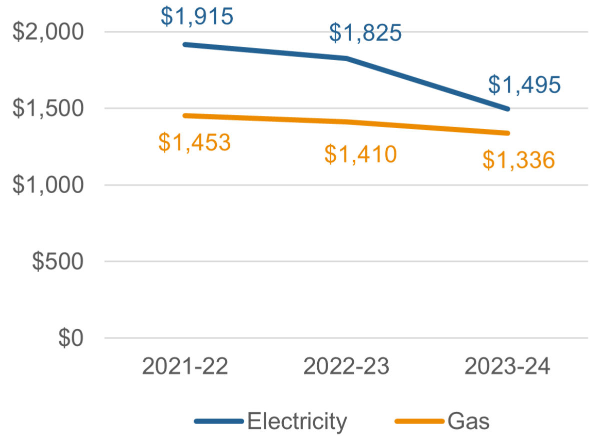
Customers who cannot pay for their on-going energy use face the greatest difficultly managing their energy costs.

Promisingly, in 2023–24 there was an annual decrease in average arrears for these customers, of 18 per cent to around $1,500 for electricity, and five per cent to around $1,300 for gas (Figure 10). This trend was also seen in the previous year.

Over the same period, the proportion of tailored assistance customers who cannot pay their ongoing use increased for both electricity and gas, from 32 per cent in 2022–23 to 38 per cent in 2023–24 (Figure 11).

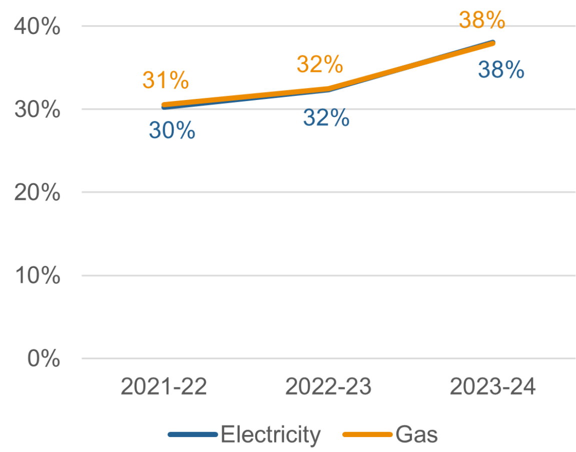
This highlights the importance of retailers supporting customers as early as possible, to reduce the risk of accumulating more arrears.

Figure 10: Average arrears of customers accessing tailored assistance that cannot pay their ongoing energy use



Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

Figure 11: Percentage of tailored assistance customers that cannot pay their ongoing energy use



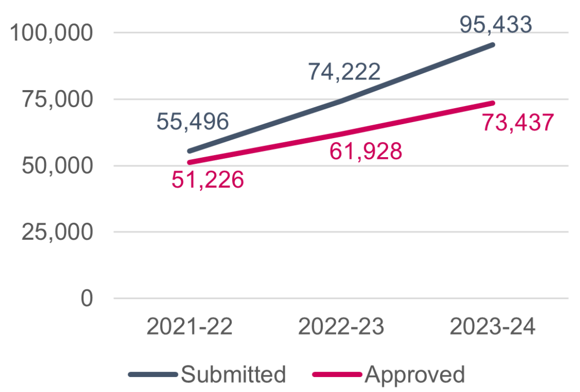
Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

[15] The analysis relating to tailored assistance covers all Victorian retailers excluding ENGIE (previously trading as Simply Energy) due to reporting issues. ENGIE is implementing the recommendations from the completed PwC assurance engagement. ENGIE will resubmit historical data following the implementation of the recommendation. ENGIE's data will be excluded from our Victorian Energy Market Report and Dashboard until we are satisfied that the data it reports is accurate.

More energy customers are receiving government assistance grants

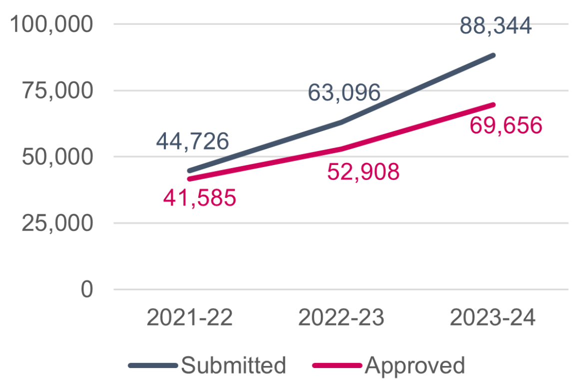
There was a notable increase in the number of Utility Relief Grant applications submitted during 2023–24 compared to 2022–23, increasing by 29 per cent for electricity and 40 per cent for gas (Figures 12 and 13).[16]

Figure 12: Total electricity Utility Relief Grant applications, submitted versus approved



Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

Figure 13: Total gas Utility Relief Grant applications, submitted versus approved

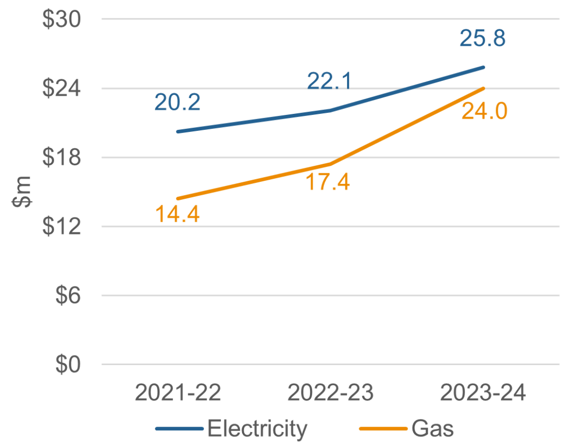


Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

There was also an annual increase in approved applications, by 19 per cent for electricity and 32 per cent for gas. Approved applications increased at a lower rate than submitted applications, indicating a drop in approval rate of Utility Relief Grant applications.

The annual total amount of government assistance grants paid to energy customers increased by 17 per cent for electricity and by 38 per cent for gas customers compared to 2022–23 (Figure 14). During 2023–24, the value of each approved application was on average $351 for electricity and $344 for gas.

Figure 14: Total Utility Relief Grant amount paid



Retailers must help customers apply for Utility Relief Grants

This includes helping their customers to complete their Utility Relief Grant 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).

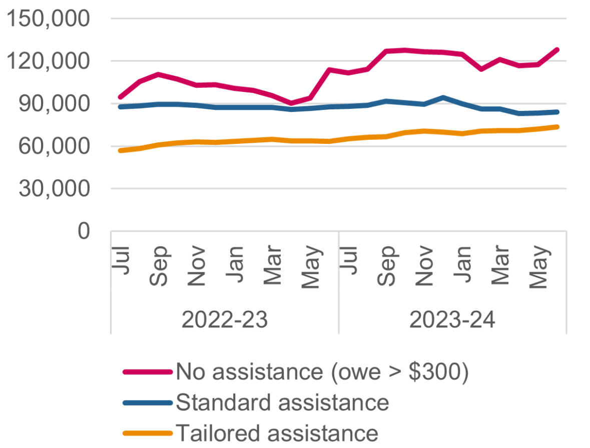
[16] Utility Relief Grant data is collected by the Department of Families, Fairness and Housing. The Utility Relief Grant reporting includes ENGIE.

Customers who are not receiving assistance despite being in arrears

Customers owing over $55 are entitled to help from their retailer under the Payment Difficulty Framework (PDF).

Each month in 2023–24, an average of 121,000 electricity customers owed at least $300, an increase of 20 per cent respectively compared to 2022–23 (Figure 15).[17] These customers were not accessing any forms of assistance from their retailer under the PDF. Conversely, compared to 2022–23, customers accessing tailored assistance increased by 12 per cent.

Figure 15: Number of customers accessing assistance and customers with arrears not accessing assistance, for electricity

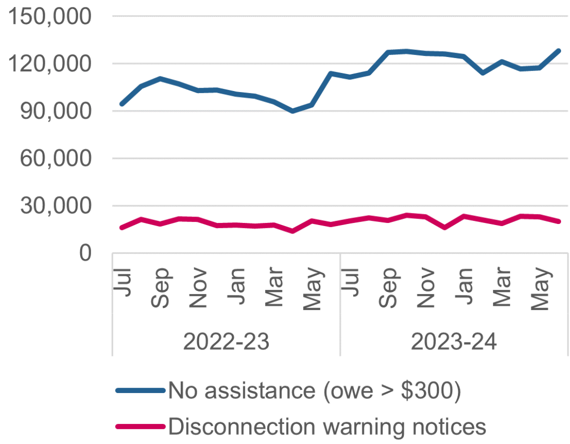


Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

Although not all customers in arrears of at least $300 experience payment difficulty, disconnection warning notices sent increased by 16 per cent for electricity and 23 per cent for gas in 2023–24 (Figures 16 and 17).

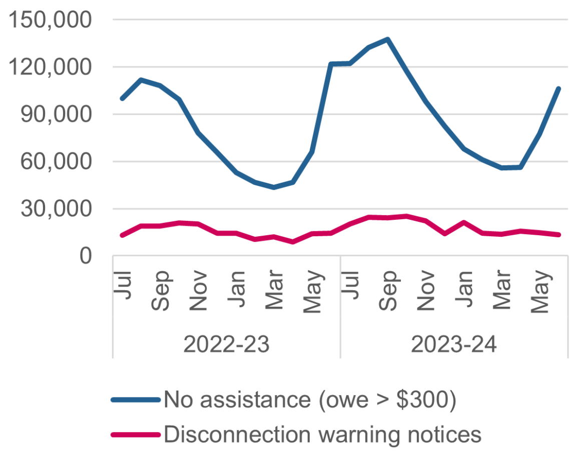
These customers could benefit from early retailer support and engagement prior to issuing these formal notices, to avoid the risk of disconnection.

Figure 16: Electricity customers with arrears not receiving assistance and disconnection warning notices sent



Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

Figure 17: Gas customers with arrears not receiving assistance and disconnection warning notices sent



Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

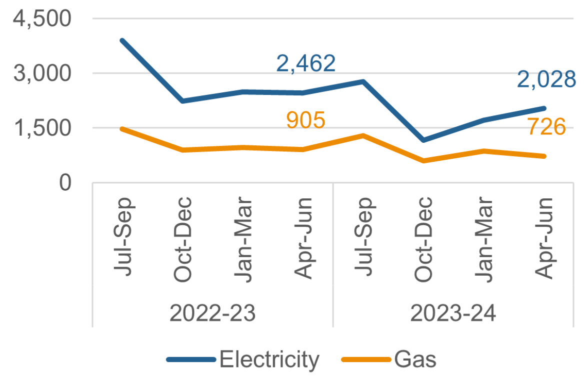
[17] A retailer may only arrange a disconnection if a customer owes $300 or more and is not receiving payment assistance

Disconnections for non-payment

Fewer energy customers were disconnected despite more customers being at risk of disconnection

Fewer customers were disconnected for non-payment during April to June 2024, compared to the same period in 2023 (Figure 18).[18] From April to June 2024, retailers disconnected 2,028 electricity and 726 gas residential customers for non-payment, compared to 2,462 electricity and 905 gas customers from April to June 2023 (Figure 18).

Figure 18: Total residential customers disconnected for non-payment



Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

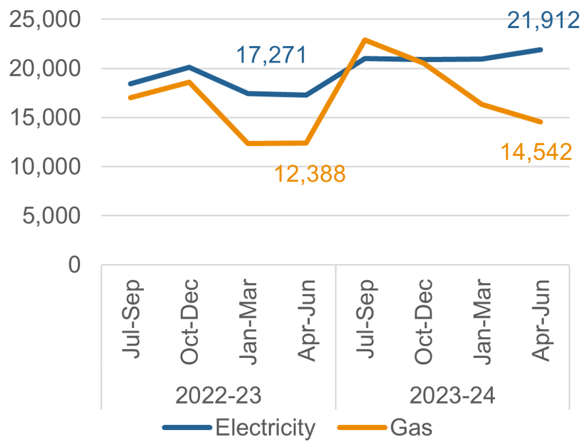
Large retailers contributed to this decrease. AGL disconnected 41 per cent fewer electricity customers and 24 per cent fewer gas customers between April to June 2024 compared to the same period in 2023.

Increase in disconnection notices

Before a retailer can disconnect a customer, it must send them a disconnection warning notice. Despite the decrease in disconnections, retailers sent more disconnection warning notices to customers compared to last year.

Around 22,000 electricity and 15,000 gas disconnection warning notices were sent each month from April to June 2024 – an increase from 17,000 electricity and 12,000 gas notices sent at the same time in 2023 (Figure 19). We continue to monitor how energy businesses have been engaging with customers.

Figure 19: Monthly disconnection warning notices sent by retailers



Disclaimer: This chart represents all Victorian retailers excluding Engie (previously trading as Simply Energy) due to reporting issues.

Disconnection for non-payment is a measure of last resort

An energy retailer should only disconnect a customer's electricity or gas supply as a last resort. This should only happen after it has taken the steps required by the rules in the Energy Retail Code of Practice to offer customer assistance.

Retailers are required to offer assistance to any customer who misses paying a bill. Retailers cannot disconnect a customer if they are receiving assistance.

Retailers are only allowed to begin steps to disconnect a customer if they owe $300 or more. Retailers must send a reminder notice and a disconnection warning notice before disconnecting a customer.

[18] The analysis relating to tailored assistance covers all Victorian retailers excluding ENGIE (previously trading as Simply Energy) due to reporting issues. ENGIE is implementing the recommendations from the completed PwC assurance engagement. ENGIE will resubmit historical data following the implementation of the recommendation. ENGIE's data will be excluded from our Victorian Energy Market Report and Dashboard until we are satisfied that the data it reports is accurate.

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 and distributors, electricity generators, and electricity transmission companies.

Distribution, transmission, generation and whole-sale licences

We granted one electricity generation licence and three electricity wholesale licences. We did not grant any energy distribution or transmission licences. The granted licences are:

- Esso Australia Resources Pty Ltd – an electricity generation and sale licence for an ethane-powered generation site.
- PowerSync Pty Ltd – an electricity wholesale licence.
- Progressive Green Pty Ltd (trading as Flow Power) – an electricity wholesale licence.
- Shell Energy Retail Pty Ltd – an electricity wholesale licence.

Energy retail licenses

We granted three electricity retail licences:

- Tesla Energy Ventures Australia Pty Ltd.
- Flo Energy Australia Pty Ltd.
- CEP Energy Retail Pty Ltd.

Licence variations and revocations

We did not revoke any licences. We varied two electricity and gas retail licenses by agreement with the licensee Ipower Pty Ltd and Ipower 2 Pty Ltd (trading in partnership as ENGIE).

License transfers

We did not approve any licence transfers.

Retailer of Last Resort events

The commission previously administered 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.

Retailer of Last Resort

There was one Retailer of Last Resort event on 2 August 2024. The Australian Energy Regulator initiated the retailer of last resort process to allow for the transfer of Victorian customers from Maximum Energy Retail Pty Ltd to other retailers to provide for the continued supply and sale of essential electricity services.

The Australian Energy Regulator revoked Maximum Energy Retail Pty Ltd's electricity retail licence during the retailer of last resort process. The Australian Energy Regulator assumed responsibility for the Retailer of Last Resort scheme in Victoria on 30 July 2024 under the *National Energy Retail Law (Victoria) Act 2024* and the National Energy Retail Law (Victoria) Regulations 2024.

Regulatory sandboxing

Victoria's regulatory sandboxing framework enables innovators to trial new products and services for a time-limited period. It also helps inform future changes to the energy rules on a more permanent basis.

The commission works closely with the Australian Energy Regulator to respond to Victorian enquiries received through the Innovation Enquiry Service.[19]

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 181 electricity licence exemptions between April and June 2024.

[19] See the Australian Government's website for more information about the *Energy Innovation Toolkit.*

Appendix

Wholesale prices drive retail price movements

Table 5: Residential electricity market offers, by distribution zone

	25th percentile	Median	75th percentile
Jemena			
2020–21	$1,181	$1,264	$1,327
2021–22	$1,153	$1,195	$1,264
2022–23	$1,243	$1,298	$1,351
2023–24	$1,341	$1,478	$1,679
AusNet services			
2020–21	$1,339	$1,413	$1,481
2021-22	$1,307	$1,338	$1,421
2022–23	$1,501	$1,570	$1,631
2023–24	$1,593	$1,748	$1,983
Citipower			
2020–21	$1,101	$1,201	$1,268
2021–22	$1,120	$1,176	$1,242
2022–23	$1,188	$1,244	$1,292
2023–24	$1,239	$1,381	$1,545
Powercor			
2020–21	$1,217	$1,292	$1,357
2021–22	$1,189	$1,226	$1,304
2022–23	$1,298	$1,358	$1,411
2023–24	$1,414	$1,547	$1,754
United Energy			
2020–21	$1,169	$1,253	$1,319
2021–22	$1,100	$1,152	$1,242
2022–23	$1,217	$1,273	$1,323
2023–24	$1,315	$1,433	$1,631

Table 6: Small business electricity market offers, by distribution zone

	25th percentile	Median	75th percentile
Jemena			
2020–21	$4,995	$5,243	$5,676
2021–22	$4,818	$5,215	$5,365
2022–23	$5,359	$5,409	$5,414
2023–24	$6,734	$6,873	$7,090
AusNet services			
2020–21	$6,054	$6,625	$7,958
2021–22	$6,201	$6,538	$6,957
2022–23	$7,428	$7,593	$7,659
2023–24	$8,678	$8,794	$9,154
Citipower			
2020–21	$4,656	$4,874	$5,045
2021–22	$4,531	$4,741	$4,881
2022–23	$4,789	$4,838	$4,838
2023–24	$5,849	$5,971	$6,158
Powercor			
2020–21	$4,756	$5,041	$5,195
2021–22	$4,545	$4,969	$5,092
2022–23	$5,137	$5,189	$5,191
2023–24	$6,312	$6,441	$6,644
United Energy			
2020–21	$5,013	$5,269	$5,644
2021–22	$4,636	$4,776	$5,094
2022–23	$4,953	$4,998	$5,003
2023–24	$6,140	$6,309	$6,507

Table 7: Residential gas market offers, by distribution zone

	25th percentile	Median	75th percentile
Australian Gas Networks			
2020–21	$1,282	$1,391	$1,494
2021–22	$1,398	$1,465	$1,631
2022–23	$1,700	$1,925	$2,080
2023–24	$1,883	$1,958	$2,150
AusNet services			
2020–21	$1,263	$1,366	$1,434
2021–22	$1,381	$1,487	$1,586
2022–23	$1,669	$1,924	$2,129
2023–24	$1,879	$2,016	$2,180
Multinet			
2020–21	$1,241	$1,279	$1,395
2021–22	$1,400	$1,489	$1,600
2022–23	$1,680	$1,973	$2,092
2023–24	$1,957	$2,039	$2,190

Table 8: Small business gas market offers, by distribution zone

	25th percentile	Median	75th percentile
Australian Gas Networks			
2020–21	$8,924	$9,904	$10,895
2021–22	$9,463	$10,066	$11,149
2022–23	$12,266	$13,939	$16,060
2023–24	$14,196	$16,562	$17,414
AusNet services			
2020–21	$8,188	$9,124	$10,239
2021–22	$8,811	$9,597	$10,598
2022–23	$11,450	$13,559	$15,432
2023–24	$13,619	$15,271	$16,608
Multinet			
2020–21	$8,215	$8,885	$9,738
2021–22	$8,803	$9,648	$10,888
2022–23	$11,530	$13,370	$15,489
2023–24	$13,696	$16,054	$16,627

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