

VICTORIAN

# Energy Market

REPORT

JUNE 2022

Know your  
consumer rights

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How we are  
protecting consumers

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Energy in Victoria



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

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# Chairperson's foreword

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It is a great shame that the energy crisis in Australia during the past month has shaken consumer confidence in the reliability and affordability of one of our most essential services.

I have heard troubling stories about Victorians being reluctant to heat their homes during this cold winter, for fear of incurring unaffordable winter bills and contributing to an energy shortage. We have been advised of instances where retailers have contacted customers multiple times, advising them to urgently find new retailers in order to avoid increases in energy bills. I have also heard that some of these messages alarmed consumers concerned about their ongoing energy supply.

This is simply unacceptable, and as chairperson of Victoria's Essential Services Commission, I expect everyone in the energy industry to redouble their efforts in putting *consumers* at the centre of the energy system. I have also made it clear to all industry participants that their licence to supply an essential service to Victorians is a privilege, and with that privilege comes an obligation to act responsibly.

I want to reassure Victorians that, when it comes to price changes, there are protections in place for residential and small business customers. As well, there are rules that energy retailers must follow when communicating with customers about what offers are the best for them. In the coming months, when price change notifications are likely to be received by many Victorians from their energy retailer, we will be closely monitoring compliance with these obligations.

There are also protections in place if an energy retailer were to go out of business, requiring the transfer of customers to other retailers. Consumers will not lose access to or continuity of gas or electricity supply should such an event occur.

The commission will not hesitate to act upon any non-compliance by enforcing the strong consumer protections that exist for the benefit of Victorian households and small businesses. Indeed, the focus of this quarter's Victorian Energy Market Report is the enforcement and compliance action that we have taken to promote the long-term interests of Victorian energy consumers.

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*I want to reassure Victorians  
that there are protections for  
residential and small business  
customers when it comes to  
price changes . . .*

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As always, I encourage Victorians to contact their energy retailer regularly to check that they are on the best price. Also available is the Victorian Government's \$250 power saving bonus payment for households who use the free and independent energy price comparison website, Victorian Energy Compare<sup>1</sup>, to seek out a better price. This comes into effect on 1 July 2022. Other ways to keep energy costs down include tracking and adjusting energy usage, and installing energy efficiency lighting, appliances, and rooftop solar panels.

If you are having trouble paying your energy bills, you are entitled to assistance from your energy retailer and urge you to contact them as soon as possible if you need help. Talk to your retailer about payment plans, what concessions, rebates, utility relief grants might be available, and notify them if you or someone at your premises requires life support equipment.

**Kate Symons**

**Commissioner and Chairperson**

<sup>1</sup> <https://compare.energy.vic.gov.au/>

# Know your consumer rights

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## Every electricity retailer in Victoria must offer residential and small business customers the current Victorian Default Offer.

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Every electricity retailer in Victoria **must offer residential and small business customers the current Victorian Default Offer.** The default offer is a simple and trusted electricity price that is set by the Essential Services Commission, not energy companies. It provides Victorian consumers access to a fair electricity deal even if they are unable or unwilling to engage in the retail market.

## Victorian retailers can only increase prices at specific times . . .

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**Victorian retailers can only increase prices at specific times** to provide customers with certainty about prices (unless the customer is on an exempt market contract and has explicitly agreed to different arrangements). When that occurs depends on whether a customer is on a standing or market contract. For electricity customers on market contracts that are not fixed term contracts, the next time prices may be increased is 1 August 2022. Retailers must give notice to customers of any variations to tariffs and charges as soon as practicable.

## When a fixed term market contract is due to end . . .

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When a fixed term market contract is due to end, retailers **must notify residential and small business customers approximately one month beforehand and advise customers of their options.** This includes the availability of the Victorian Default Offer for electricity customers or a standing offer for gas customers. Every gas retailer in Victoria is required to make a standing offer available to residential and small customers that provides a basic service.



## All Victorian energy retailers are required to carry out 'best offer checks' . . .

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**All Victorian energy retailers are required to carry out 'best offer checks'** and advise residential and small business customers if they have another offer that may save the customer money. Customers will see 'best offer' information on their electricity and gas bills at least once every four months.

## If a customer is facing bill stress, they should ask their energy retailer for help . . .



If a customer is facing bill stress, they should ask their energy retailer for help and the energy retailer must offer the customer assistance – this might include giving the customer an extension to a bill payment due date or allowing them to pay for energy in advance if that is more appropriate.

## If a customer has missed a bill payment and owes money . . .

If a customer has missed a bill payment and owes money to an energy retailer, a retailer must provide information about the customer's entitlements to assistance to help them repay their arrears and continue to keep their electricity and gas connected. This includes information about payment plans to defer or customise bill payment frequency and amounts, or concession or rebates that may help to reduce a customer's bills.



## If a customer is eligible for a utility relief grant . . .



If a customer is eligible for a utility relief grant, a customer is entitled to have a retailer complete an application for a utility relief grant on their behalf. This is a grant offered by the Victorian Government to provide relief of up to \$1,300 to customers with a pensioner concession card, health care card, veterans' affairs gold card or are from a low income household.

## When a contract comes to an end . . .

When a contract comes to an end, residential and small business customers may be automatically moved on to a retailer's Victorian Default Offer or standing offer. If that occurs and the customer continues to pay or is receiving payment assistance, the retailer cannot disconnect the customer simply on the basis that the previous contract has ended.



## If you cannot resolve a dispute with your retailer . . .



You should first try to resolve your dispute directly with your retailer. If you cannot resolve a dispute with your retailer, you should consider getting in touch with the Energy and Water Ombudsman on 1800 500 509. This is a free and impartial dispute resolution service available to all Victorian energy consumers. For other inquiries or information you can contact the commission.

# How we are protecting consumers

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## How we are protecting consumers

### Compliance and enforcement update

In our last quarterly report<sup>2</sup>, we discussed the enhanced enforcement landscape for the protection of Victorian energy consumers. We emphasised the new enforcement options available to the commission and the broader range of consumer protections that the commission can now enforce.

The legislative reforms saw the criminalisation of wrongful disconnection of energy supply.

The Electricity Industry Act and Gas Industry Act were amended to provide for two new offences, namely disconnection other than in compliance with the regulatory requirements, and disconnection where a retailer knows they are in non-compliance or is reckless about non-compliance. The latter offence carries a potential maximum fine of more than \$1 million per offence and possible imprisonment.

The new offences send a clear message to industry that wrongful disconnection of people's essential services is a serious issue and that this can carry significant consequences.

The reforms similarly saw the creation of new criminal offences in relation to conduct that jeopardises the lives of Victorians who rely upon their energy supply for life support purposes. Retailers or exempt sellers who fail to register or deregister a life support customer in accordance with the rules and disconnects that customer may face maximum fines of more than \$1 million per offence.

These are vital protections for consumers which recognise the essential nature of our energy supply.

Other conduct of concern to consumers has also been addressed by the legislative reforms. High pressure sales tactics by means of door-to-door sales or cold calling have been prohibited. This means that customers interested in better offers will be at reduced risk of being pressured to agree to certain plans put forward by sales agents. The commission has taken firm action in relation to misconduct by sales agents in recent years. We are closely monitoring the marketing behaviour of energy businesses and strongly encourage all energy businesses to ensure they comply with these new prohibitions.

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*[Wrongful disconnection] carries a potential maximum fine of more than \$1 million per offence and possible imprisonment.*

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<sup>2</sup> <https://www.esc.vic.gov.au/electricity-and-gas/market-performance-and-reporting/victorian-energy-market-report>

The commission's reform of its Energy Retail Code of Practice<sup>3</sup> (the code) has seen further enhancement of consumer protections. In particular, the protections for customers affected by family violence in Part 7 of the code are now included as civil penalty requirements and able to be enforced through the commission's expanded enforcement framework. The enhanced enforceability of these provisions will support our focus on ensuring that affected consumers are properly assisted and protected when engaging with their energy providers.

## We published a new compliance and enforcement policy

We perform our role through the application of a range of regulatory tools. We choose the enforcement action or other mechanisms which we consider to be most conducive to securing compliance with the regulatory regime.

We published our new compliance and enforcement policy on 5 April 2022. Our approach is to focus the greater part of our resources on assisting compliance.

We take enforcement action where we detect serious breaches that require a response focused on deterrence of similar conduct in the future. Finally, the commission may remove a market participant from the industry as a last resort, in case of the most serious non-compliance.

The policy identifies the factors to which the commission will have regard when choosing which compliance or enforcement option to apply.

## Assisting compliance

In line with our policy, the commission has been focused on assisting compliance this quarter. We have issued guidelines on a range of regulatory obligations. The commission issues guidelines to be transparent with industry about its interpretation of regulatory obligations. These guidelines do not impose new or additional regulatory obligations.

We published Guideline 1 (2022): Customers of white-label arrangements are entitled to all protections of the Energy Retail Code of Practice<sup>4</sup>, concerning the application of the code to white-label arrangements. White-labelling is where a licensee enters into an arrangement with a third party to sell energy under that third party's branding. The third party is not licensed to sell electricity and gas, and may sometimes be a participant in another industry looking to expand its product offering. Where a licensee arranges its plans under different brands, all plans must comply with the code's customer protections.

We published Guideline 2 (2022): Life support customer details<sup>5</sup>, concerning the meaning and application of the term 'life support customer details' within the code on 9 March 2022. Retailers, distributors and exempt persons (whether they be sellers or distributors) are required to keep a register of life support customer and life support resident details for a premises where a life support customer or resident resides or is intending to reside. This guideline explains what information or details must be obtained with respect to the life support customer or resident. It also provides guidance concerning the process where a life support customer may be removed from a register.

We published an update to Guideline 3 (2022): Clear and unambiguous information or advice for residential customers anticipating or facing payment difficulties<sup>6</sup>, about 'clear and unambiguous information or advice for residential customers anticipating or facing payment difficulties' on 13 April 2022. We updated this guideline to further set out the information to be provided to customers who may have multiple accounts subject to the process that may lead to disconnection.

Finally, on 26 May 2022, the commission published Guideline 4 (2022): explicit informed consent<sup>7</sup>. The guideline is a comprehensive guide as to the disclosures to be made to customers to ensure compliance with the code.

All the commission's guidelines for the energy industry can be found on our Essential Services Commission website.<sup>8</sup>

<sup>3</sup> <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code-practice>

<sup>4</sup> <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code/guideline-1-2022-customers-white-label-arrangements-are-entitled-all-protections-energy-retail-code>

<sup>5</sup> <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code/guideline-2-2022-life-support-customer-details>

<sup>6</sup> <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code/guideline-3-2022-clear-and-unambiguous-information-or-advice-residential-customers-anticipating-or>

<sup>7</sup> <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code-practice/guideline-4-2022-explicit-informed-consent><https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code-practice/guideline-4-2022-explicit-informed-consent>

<sup>8</sup> <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code-practice>etabs-container4

# Energy in Victoria

- ▶ Compliance and enforcement
- ▶ Payment difficulty and disconnections
- ▶ Laws, codes, and guidelines
- ▶ Reports and reviews
- ▶ Market entry and exit

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January - March 2022



# January - March 2022

**Compliance and enforcement**

**\$500,000**

**Sumo**  
(paid in penalty notices)

**\$1.03 million in penalty notices paid**

For allegedly:

- Failing to notify customers of a planned power interruption
- Wrongfully disconnecting customers

**\$280,000**  
**Ausnet**  
(paid in penalty notices)

(paid in penalty notices)

**\$250,000**  
**Powercor**

Customer compensation paid for wrongful disconnections

**\$74,651**

**38**

**Wrongful disconnections**  
(Self-reported by retailers)

**Retail electricity licences**

**2**  
issued

**Laws, codes and guidelines**



**Regulatory sandboxing**  
(from 1 June 2022)

Regulatory sandboxing will allow testing of new products and services.

**Reports and price reviews**

**Payment Difficulty Framework Implementation review**

The commission found:

- more customers receiving more appropriate assistance
- fewer customers disconnected for not paying their bills

↑ **5%**

**VDO annual bill increase**  
(July 2022 – June 2023)

🏠 **5%**





## Compliance and enforcement activities

In the last quarter between 1 January 2022 and 31 March 2022, we actively pursued compliance and enforcement actions, including:

- Finalising 3 enforcement actions
- Issuing 22 warning letters
- Undertaking 12 compliance actions
- Providing 165 responses to customer enquiries.

### Enforcement action

**Powercor paid \$250,000 in penalty notices** after allegedly failing to notify 162 Victorian customers of a planned power interruption. One of those customers was registered with Powercor as requiring life support equipment that relied on electricity supply. Distributors are required to give customers at least four business days written notice of a planned interruption to electricity supply.

**AusNet Services paid \$280,000 in penalty notices** after allegedly failing to notify 36 customers of planned power interruptions. Two of those customers were registered with AusNet as requiring life support equipment that relied on electricity supply. Distributors must have effective systems in place to manage planned outages and customer notifications.

**Sumo paid \$500,000 in penalty notices** for arranging the alleged wrongful disconnection of 143 customers in December 2020. The evidence showed 142 customers were cut-off before the required six-day warning period had expired. One customer was disconnected without warning, despite actively participating in a payment plan. Electricity and gas are essential services and customers should only ever be disconnected by an energy retailer as a last resort and by following the correct procedure.

### Acting to protect vulnerable consumers and obtain customers' consent

When the commission identifies potential breaches of the energy rules by businesses, we act to protect customers, restore trust in the market, and deter future non-compliance. This includes issuing warnings and working with retailers to resolve issues that can cause consumer harm.

Tas Gas Retail identified that it had failed to deliver regular training about family violence to its staff as required under clause 149 of the code. The code

requires that retailers provide training to any person engaging with, or responsible for people or processes that guide engagement with, customers affected by family violence. Tas Gas Retail updated its training program and completed training for staff within one week of identifying and reporting the issue. It will now update its training schedules to ensure annual refresher training. We issued Tas Gas Retail a warning letter with recommendations that it review its compliance systems, training and processes to ensure it offers appropriate protection to customers experiencing vulnerability.

We note recent changes in the commission's enforcement framework and increased penalties under Part 7 of the Essential Services Commission Act 2001 following the commencement of the Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021. These have introduced civil penalties for breaches of family violence provisions. In the future, similar behaviour may result in enforcement action with potentially significant consequences.

The obligation to obtain a customer's explicit informed consent before entering into a contract has been a compliance and enforcement priority of the commission for several years. Powershop reported that on multiple occasions, customers have been quoted incorrect prices when signing up. In some cases, it was only identified when customers complained they had received a welcome pack containing prices different to what they were quoted. It also reported that on one occasion its systems were not updated correctly resulting in 12 customers receiving quotes with incorrect prices. We issued Powershop a warning letter for these incidents. We remind retailers of the importance of checking that customers are signed up to contracts they have agreed to, and that retailers have fully and clearly explained all terms and conditions. We draw their attention to our recently published guideline<sup>9</sup> outlining the commission's expectations in relation to explicit informed consent.

<sup>9</sup> <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/energy-retail-code-practice/guideline-4-2022-explicit-informed-consent>



## Payment difficulty and disconnections

### Disconnections for non-payment

A retailer disconnecting a small customer because of non-payment should only happen as a last resort, where all other options have been explored with the customer. Disconnection cannot be used by a retailer as a debt collection tool.

Following a reduction in disconnections for non-payment during the government's stay-at-home restrictions during July to October 2021, we observed an increase in the monthly disconnections for non-payment. The increase was especially evident during January to March 2022 where the average disconnections per month was higher than the monthly average during 2019, the most recent year not impacted by stay-at-home restrictions (see Table 1 and Figure 1 in the appendix).

We continue to closely monitor disconnection trends and engage directly with energy businesses where there are concerns relating to retailers' disconnection processes.

#### Disconnections for non-payment continue in 2022

Following the January to March 2022 reporting quarter, there were 1,903 electricity and 767 gas residential disconnections in the month of April 2022.

### Compensation for customers who may have been wrongfully disconnected

Ten retailers self-reported they may have wrongfully disconnected 38 customers between 1 January 2022 and 31 March 2022 (see Table 2 in the appendix). Retailers made total compensation payments of \$74,651 (see Table 3 in the appendix).

Retailers must report any potential or actual wrongful disconnection to the commission. The commission may also further investigate reported breaches and consider taking enforcement action.

We have analysed the recent trend in relation to potential breaches related to clause 191 of the code (formerly equivalent to clause 118 of the Energy Retail Code).

Clause 191 relates to disconnections requested by customers. We have identified an increase in the number of cases where a retailer fails to appropriately arrange a disconnection in accordance with a customer's request. Some examples of reported issues are retailers' agents:

- arranging disconnections for a date different to the one requested by the customer, resulting in customers being unexpectedly disconnected on the incorrect date.
- arranging disconnections for a different account, resulting in the incorrect premises or incorrect customer being disconnected.
- failing to correctly reschedule customers' move out disconnections, resulting in a disconnection on the incorrect date.
- failing to correctly cancel a disconnection in accordance with a customer's direction resulting in an unexpected disconnection.
- requesting the incorrect service order type, resulting in the abolishment of customer's meter rather than a final meter reading.

We have worked closely with retailers where these issues have been identified to improve their procedures about following customers' instructions as part of the disconnection process.

While human error is often said to be the reason for these wrongful disconnections, the commission expects that retailers have appropriate quality assurances processes in place to prevent such disconnections to the greatest extent possible. Repeated wrongful disconnections said to result from human error is a growing concern for the commission.

### Customers receiving assistance under the payment difficulty framework are protected from disconnection

It is important for customers to engage with their retailers to receive payment assistance if they experience difficulties in paying their bills, and for retailers to work with their customers to help manage their energy debt.

Customers who are receiving assistance under the payment difficulty framework, such as being on a payment arrangement with their retailer, are protected from being disconnected.

## Key findings from the payment difficulty framework implementation review – disconnections and arrears

In May 2022, we released the findings from our review of the implementation of the payment difficulty framework since 2019. We found more customers receiving more appropriate assistance from retailers, with fewer customers being disconnected for not paying their bills.

However, more than half of the customers disconnected had not received assistance under the framework beforehand. We also found significant variation in customer outcomes between and within retailers, particularly in terms of average customer arrears and the timing of when customers start receiving assistance. For some retailers, customers start assistance with very high levels of arrears.

Between June and August 2022, we will work with stakeholders to identify and consider practical solutions, facilitate discussions on better practices and consider new practical approaches when supporting customers.

Read more about the important protections under the framework, and our full findings report on the Essential Services Commission website.<sup>10</sup>

## Average energy customers' arrears have increased

At the end of March 2022, 62,618 electricity and 47,458 gas residential customers in total were receiving tailored assistance from their retailer to help pay their bills (see Figure 2 in the appendix). This represents 2.3 per cent of all residential electricity customers and 2.2 per cent of all residential gas customers.

Of these, 42,480 electricity and 32,013 gas residential customers were receiving tailored assistance who could pay their on-going usage (see Figure 3 in the appendix), less than the monthly average during 2020-21. This represents 1.5 per cent of all residential electricity customers and 1.5 per cent of all residential gas customers.

There were also 20,138 electricity and 15,445 gas residential customers receiving tailored assistance who could not pay their on-going usage (see Figure 4 in the appendix) at the end of March 2022, less than the monthly average of 2020-21. This represents 0.7 per cent of all residential electricity customers and 0.7 per cent of all residential gas customers.

The trend of both cohorts has shown an increase in the average arrears of customers which is higher than the monthly average of 2020-21 (see Figure 6 and 7 in the appendix).

The average arrears for residential customers on tailored assistance who could not pay their on-going use increased by 16 per cent for both electricity and gas compared to the monthly average in 2020-21. For residential customers who can pay for their on-going use, average customers' arrears increased by eight per cent for electricity and two per cent for gas.

<sup>10</sup> <https://www.esc.vic.gov.au/electricity-and-gas/inquiries-studies-and-reviews/payment-difficulty-framework-implementation-review-2021>



## Laws, codes of practice and guidelines

### Compliance and Performance Reporting Guideline update

In February 2022, we published our final decision on updates to the Compliance and Performance Reporting Guideline.<sup>11</sup> The new reporting framework commenced on 1 March, with transitional arrangements in place until 1 July 2022.

### Statement of expectations for electricity transmission companies on land access

The commission developed a statement of expectations in relation to how transmission companies access greenfield sites relating to major transmission projects. The statement takes effect on 1 June 2022. It sets out principles for how electricity transmission companies should exercise their powers to access private land (according to section 93 of the Electricity Industry Act 2000).

The statement aims to achieve a balance between the statutory right to access private lands and the rights of those affected by that exercise of that power. It also seeks to facilitate land access that is fair and transparent which considers the interests of landowners. The statement of expectations takes effect from 1 June 2022.

The commission will now progress development of a code of practice in relation to land access.

### Making a new Electricity Distribution Code of Practice (EDCOP)

The commission is making a new Electricity Distribution Code of Practice. Public consultation on the proposed code closed on 17 May 2022.

The new code will reduce fragmented regulatory obligations, remove redundant provisions, and improve alignment of the code with national regulatory frameworks. It will also enable the enforcement of obligations on distributors, exempt distributors and embedded generators through our new enforcement framework. As part of the review the commission is also proposing to repeal outdated guidelines. The outcome will be a more streamlined regulatory framework which will benefit Victorian electricity customers and distributors.



## Reports and reviews

### Economic analysis on the Victorian energy retail market

We continue to undertake economic analysis of the Victorian energy retail market, as part of our function to monitor and report on its competitiveness and efficiency. Previous editions of the Victorian Energy Market Report included two economic articles on the retail energy market:

- A 'striking consumer preference' for large energy retailers.
- Innovation, differentiation and consumer choice.

Recent economic analysis by the commission on the retail energy market will be presented at the Australian Conference of Economists 2022, hosted by the Economic Society of Australia.

Future editions of the Victorian Energy Market Report will aim to cover new topics, such as consumers' offer search experience, green preferences and offers, and prices in the Victorian energy market.

### Innovation, differentiation, and consumer choice

In March 2022 we released the March update to the Victorian Energy Market Report. The central finding is that Victorian energy consumers may value innovation in the retail energy market, but it appears that the product offerings currently available are not exactly meeting their needs. This can be seen in Victorian consumers' choices, which show that the average consumer is not actively engaged in exploring potentially innovative energy offers from retailers.

We believe consumers' appetite for innovative energy products will continue to grow, and this should incentivise energy retailers to innovate. We will continue to focus on contributing to a regulatory environment that supports such innovation for the interest of consumers.

### Reviewing the implementation of the payment difficulty framework

In May 2022, the commission published its findings report on its implementation review of the payment difficulty framework. More detail is available on the commission website.

<sup>11</sup> <https://www.esc.vic.gov.au/electricity-and-gas/electricity-and-gas-codes-guidelines-policies-and-manuals/compliance-and-performance-reporting-guideline>

## Market entry and exit

### Licensing

The commission has a function to licence energy businesses to operate in the Victorian energy market. Between January and March 2022, we received one new electricity retail licence application. Since 1 April 2022, we issued two new electricity retail licences and varied one gas distribution licence to:

- Hanwha Energy Retail Australia Pty Ltd to sell electricity to small, medium and large customers.
- Tilt Renewables Retail Pty Ltd to sell electricity to medium and large customers.
- Ausnet Gas Services Pty Ltd gas distribution licence was varied to include two new postcodes.

We also transferred an electricity generation licence from Kiata Wind Farm Pty Ltd to Kiata ProjectCo Pty Ltd for the 31MW Kiata Wind Farm located near Horsham in North-West Victoria.

### Market exit

On 24 May 2022, the commission initiated the Retailer of Last Resort process to automatically transfer customers from failed gas retailer Weston Energy Pty Ltd (Weston Energy) to other retailers in Victoria to provide for the continued supply of essential gas services. Weston Energy had its registration as a market participant revoked by the Australian Energy Market Operator (AEMO) for failing to comply with AEMO requirements under the National Gas Rules. As a result, Weston Energy could no longer sell gas to customers in Victoria and approximately 184 large and medium-sized customers with 1,140 sites in Victoria were transferred to other retailers.

### Regulatory sandboxing

From 1 June 2022, the commission was given new powers to establish a new regulatory sandboxing function in Victoria. We have been working closely with the Australian Energy Regulator and other market bodies to support a national regulatory sandboxing framework to enable new and existing energy market participants to trial new products and services in the energy market for a time-limited period.

The regulatory sandboxing framework will allow testing of new products and services, in a controlled setting, and help inform future changes to the energy rules on a more permanent basis.

Trial waivers will operate alongside licences and exemptions as a distinct authorisation category to enable entry into Victoria's energy market.

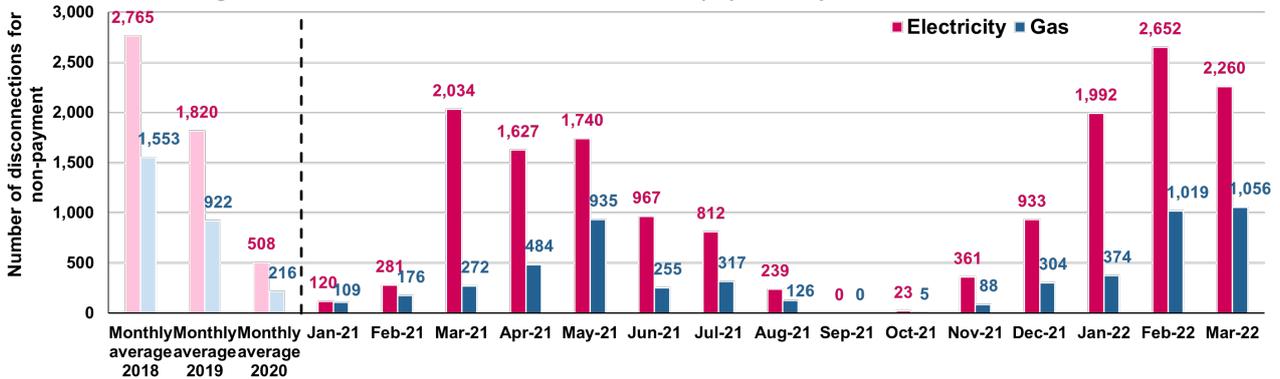
To support the regulatory sandboxing framework, we have developed a Trial Project Guideline to provide Victoria-specific guidance to innovators on the requirements to operate a trial project in Victoria.

On 19 April 2022, we released our draft decision and draft Trial Project Guideline which set out our proposed approach, information and process requirements for trial waiver applications. Consultation closed on 17 May 2022, and we received three submissions – two from energy retailers and one from the Energy and Water Ombudsman (Victoria). The commission will make its final decision on the Trial Project Guideline before 1 July 2022 to support the implementation of regulatory sandboxing in Victoria.

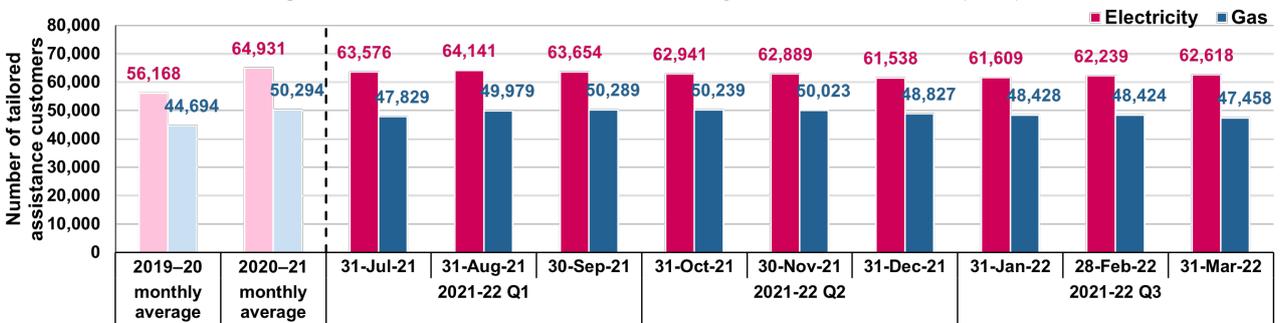
## Appendix

Source: Figures 1 to 7 and Tables 1 to 3, Compliance and Performance Reporting Guideline (CPRG) data from retailers.

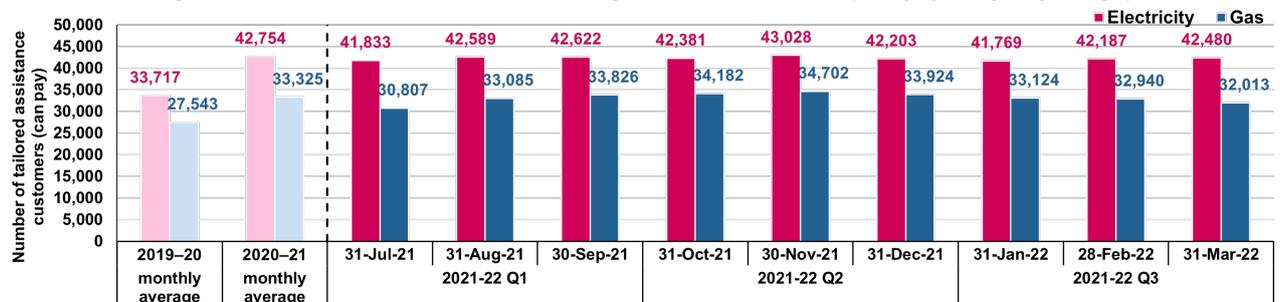
**Figure 1: Residential disconnections for non-payment by month, 2021 and 2022**



**Figure 2: Residential customers receiving tailored assistance (total)**



**Figure 3: Residential customers receiving tailored assistance (can pay on-going usage)**



**Figure 4: Residential customers receiving tailored assistance (cannot pay on-going usage)**

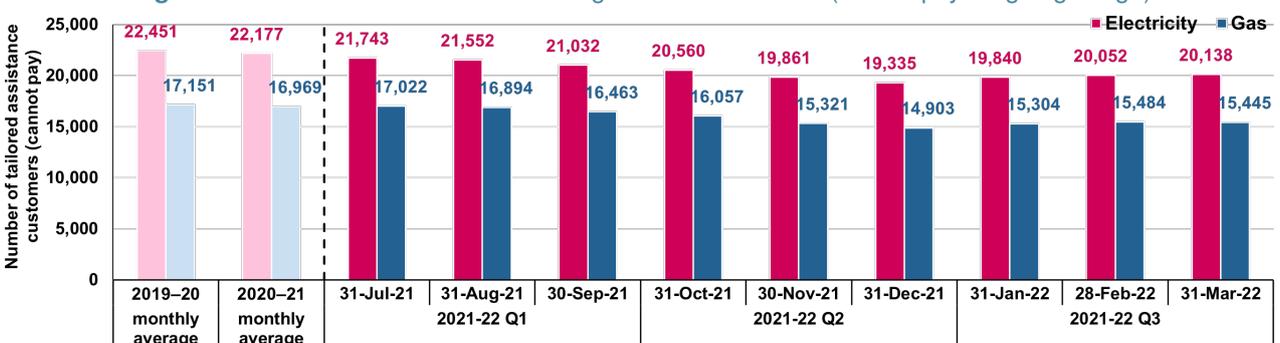


Figure 5: Average arrears for residential customers receiving tailored assistance (total)

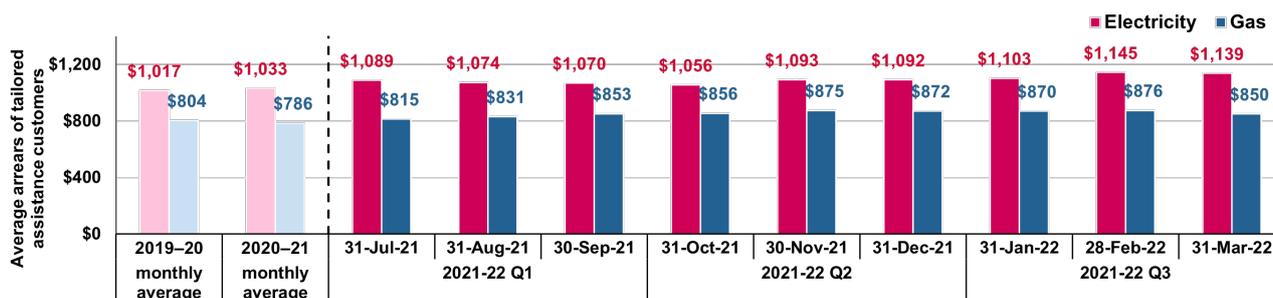


Figure 6: Average arrears for residential customers receiving tailored assistance (can pay on-going usage)

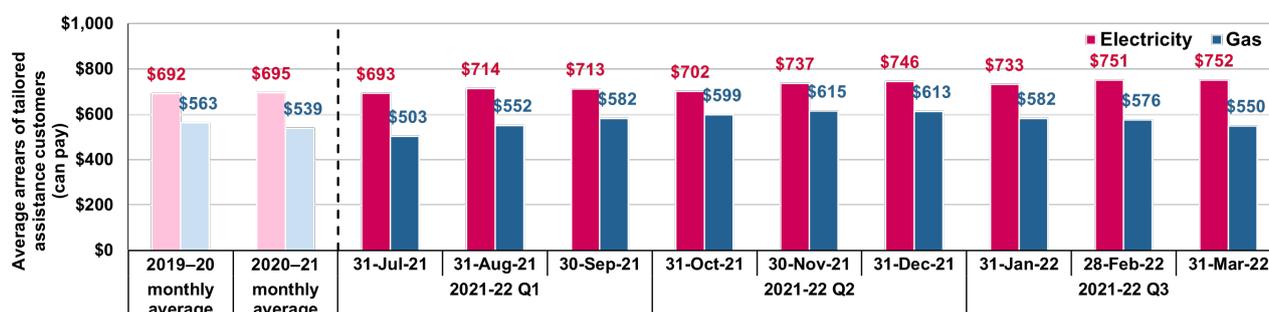


Figure 7: Average arrears for residential customers receiving tailored assistance (cannot pay on-going usage)

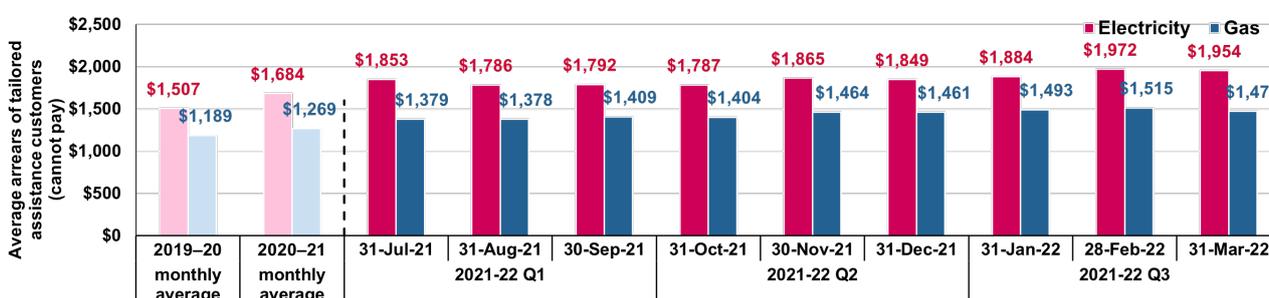


Table 1: Residential disconnections for non-payment by monthly averages<sup>12</sup>

	Period						
	Monthly Average 2018	Monthly average 2019	Monthly average 2020	Monthly average 2021	Average per month Jul-Sep 2021	Average per month Oct-Dec 2021	Average per month Jan-Mar 2022
Electricity	2,765	1,820	508	761	350	439	2,301
Gas	1,553	922	216	256	148	132	816

<sup>12</sup> The monthly average includes months where no disconnections occurred during the restriction periods of the coronavirus pandemic.

**Table 2:** Number of customers affected per self-reported wrongful disconnections<sup>13</sup>

Retailer	Total customers affected	
	Oct to Dec 2021	Jan to Mar 2022
AGL	5	-
Alinta	1	2
Dodo	-	1
Elysian Energy	5	2
EnergyAustralia	1	8
Lumo Energy	1	1
Momentum Energy	2	-
Origin Energy	291	12
OVO Energy	-	3
Powershop Australia	2	1
Red Energy	-	3
Simply Energy	9	5
Tango Energy	4	-
1st Energy	1	-
<b>Total</b>	<b>322</b>	<b>38</b>

**Table 3:** Compensation paid in relation to self-reported wrongful disconnections<sup>13,14</sup>

Retailer	Total wrongful disconnection amount paid	
	Oct to Dec 2021	Jan to Mar 2022
AGL	\$5,809	-
Alinta Energy	\$3,500	\$167
Dodo	-	\$515
Elysian Energy	\$5,160	\$650
EnergyAustralia	\$1,562	\$10,656
Lumo Energy	\$638	\$488
Momentum Energy	\$714	-
Origin Energy	\$398,264	\$12,513
OVO Energy	-	\$210
Powershop Australia	\$232	\$45
Red Energy	-	\$2,218
Simply Energy	\$9,130	\$47,189
Tango Energy	\$922	-
1st Energy	\$127	-
<b>Total</b>	<b>\$425,758</b>	<b>\$74,651</b>

<sup>13</sup> This data represents the current figures as at 16 June 2022 for wrongful disconnection payments made to customers between January and March 2022. 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. It excludes wrongful disconnection disputes referred to us by EWOV.

<sup>14</sup> The table has been updated to reflect the Origin Energy decision on 3 November 2021. For more information check the commission website at <https://www.esc.vic.gov.au/sites/default/files/documents/Origin-Energy-decision-and-reasons-20211103.pdf>.

