



25 October 2021

Ms Kate Symons  
Chairperson  
Essential Services Commission  
Level 8, 570 Bourke Street  
Melbourne Victoria 3000

Electronically: <https://engage.vic.gov.au/updating-compliance-and-performance-reporting-framework>

Dear Ms Symons,

**RE: Updating the compliance and performance reporting framework 2021**

Origin Energy appreciates the opportunity to provide a submission in response to the Essential Services Commission's (ESC) draft Compliance and Performance Reporting Guideline (CPRG) updates for 2021.

Origin broadly supports the proposed changes to the CPRG and the inclusion of additional indicators. However, we do consider that some of the proposed indicators are better characteristics as assessing market performance not retailer performance. It is important that indicators are used to drive regulatory and policy decisions to deliver the best outcomes for customers. In this regard, it would be valuable for retailers to better understand how the ESC intends to use these new indicators and what problem the ESC is seeking to understand and resolve.

By working together, we feel there is a greater likelihood of developing indicators that are more capable of providing the information to support stringer and more informed policy and regulatory decisions.

Origin's responses to specific matters in the CPRG are set out below.

*Reclassifying Obligations*

Origin supports the reclassifying of breach types from type one to type two. We agree that the violations to be retained as type one are those that carry the greatest potential harm to consumers. The ESC's proposed process for reporting on type one breaches is aligned with existing reporting requirements. We consider that this is a practical approach.

We consider the decision to create a line item for the relevant clause of each breach is an improvement on the previous approach that grouped clauses together, as it makes determining what must be reported simpler.

*Updating Breach Reporting Timeframes*

The ESC proposes that a type two breach be reported to the ESC a maximum of 30 days from identification. This reporting timeframe represents a departure from established reporting requirements which require type one breaches to be submitted immediately, and then a full report at the end of the quarter. Type two breaches are currently reported bi-annually. This means that reporting obligations are triggered quarterly, which aligns with the AER's quarterly reporting cycle. As a result, the proposed process moves away from what is a largely harmonised process across jurisdictions.

Origin is concerned that a 30-day reporting timeframe makes it difficult for retailers to ensure that they are correctly obtaining sign-off and approval on each breach. Where a breach is still under investigation,



this may need to be separately tracked to ensure it is approved for inclusion in the correct period, increasing retailers' compliance burden. Instead, we propose quarterly reporting of type two breaches, as this would result in continued harmonisation with the AER's reporting practices.

We also think there is an opportunity for the ESC to provide greater visibility of trends or issues in compliance reporting. Retailers could benefit from knowing what is currently being reported, and in what volumes. This may help retailers in identifying targeted areas for focus or improvement. Such a change may also encourage the shift toward more active reporting the ESC desires from industry.

#### *Reporting 'potential' breaches*

The ESC requires retailers to self-report potential breaches and has included this in the updated CPRG. It is unclear in the updated CPRG how the ESC would like a retailer to report potential breaches, or what process would follow this initial report. We think it would be beneficial to include guidance on how a retailer should provide potential information to the ESC, and what further information the ESC would require in closing a potential breach, particularly if no actual breach occurred.

#### *New reporting indicators*

The ESC has introduced several new 'performance reporting' indicators i.e., B181, B182, B186, B187, B201, B202, B206, and B207. These indicators require retailers to report on the number of customers that are not on the retailer's best offer and the annual amount of potential savings the customer may have made, if they had previously changed plans.

We do not consider these indicators are indicators of retailer performance as such. Instead, these are time series indicators that may provide an insight into how customers respond to savings incentives. For example, these indicators may provide visibility of how customers respond to different annual savings levels which reveals the level of savings where customers consider the reward is not worth their effort. For these reasons, these indicators represent a useful policy tool rather than an indicator of retailer performance and should be used as such. Origin considers that the ESC ought to undertake further consultation about how these indicators would be used in practice.

If you have any questions regarding this submission, please contact [REDACTED]

Yours sincerely

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