

Minutes

Retail Market Review – Stakeholder Reference Group Meeting #10

Date and Time: Tuesday 15 January 2019, 9:30 am – 11:00 am

Location: ESC Boardroom, Level 37, 2 Lonsdale Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Jake Lilley	CALC
Con Hristodoulidis	AGL
Bronwen Jennings	AER (observer)
Zac Gillam	EWOV
Bryn Dellar	Onsite Energy Solutions
Michael Benveniste	Powershop
Stefanie Macri	Red Energy
Adam Collins	DEWLP
Emma O'Neill	VCOSS
David Bryant	Brotherhood of St Lawrence
Gavin Duffy	St Vincent de Paul
David McInnis	DHHS (observer)
Aaron Yuen	ESC
Dean Wickenton	ESC
Sugi Sivarajan	ESC
Asanga Seneviratne	ESC

Apologies:

- Larissa Nicholls (Centre for Urban Research – RMIT)
- Elizabeth Molyneux (AGL)

- Michelle Looi (AER – observer)
- Paula Cosgrove - DEWLP

Agenda items

1.1. Welcome and general update

- Introduction of Dean Wickenton, Senior Regulatory Manager – Pricing Monitoring and Regulation, who is currently overseeing the Commission's Victorian Default Offer (VDO) reforms.

1.2. Pricing

1.2.1. Update & Victorian Default Offer (VDO)

- The commission provided an update on the Victorian Default Offer. In December 2018 we received Terms of Reference (TOR) from the Victorian Government, requesting that we develop and recommend a VDO price by 3 May 2019 (for electricity only). A staff paper was released on 21 December 2018 to commence our engagement on the VDO.
- Some of the key features of the VDO (as per the TOR) were highlighted:
 - It will be offered by all electricity retailers to all domestic and small business customers. It will be available to customers from 1 July 2019.
 - The VDO will replace existing standing offers.
 - The VDO will be the reference price from which all discounts presented to consumers will be measured.
 - A VDO price will be set for each of the five distribution zones in Victoria.
 - The VDO should be based on efficient costs. It should also include a modest allowance for customer acquisition and retention costs, and a maximum retail profit margin. It should not include an allowance for headroom.
- The commission is currently exploring a cost-stack approach to the VDO and is holding a technical workshop on 21 January 2019 to explore this with stakeholders.
- Responses to the commission staff paper are due by 30 January 2019.
- A methodology and draft recommendation is expected in early to mid-March for stakeholders to review with a final recommendation to be delivered by 3 May 2019.

Members noted issues about the operational burden implementing the VDO, and suggested there needed to be processes put in place to address transitional issues. Members suggested that such a group include the appropriate energy retailers and the Department of Energy, Water, Land and Planning (DEWLP) as active participants opposed to being only observers as in the SRG.

1.3. Bills and marketing

1.3.1. Update on issues related to the ESC's draft decision

- The Draft Decision sets out that the form and content of the Victorian Energy Factsheet will follow the Australian Energy Regulator's (AER) Retail Pricing and Information Guidelines (RPIG) and Basic Plan Information Document (BPID).
- Following the release of the draft decision, the commission noted that industry had sought clarity on:
 - Who had responsibility for the creation of the factsheet
 - When more detailed code changes would be available.
- The commission can confirm that DEWLP is supporting retailers in creating the new Victorian Energy factsheets via the VEC retailer portal. DEWLP will create the factsheets and retailers would then be responsible for listing them on their own website. ACIL Allen Consulting have been engaged to support the development of the underlying usage profiles to be used within the fact sheets.
- The commission noted that it will commence more detailed consultation of the underlying profiles and detailed code changes, starting with a technical consultation workshop next week. Using the outputs from the workshop, the commission will issue a draft decision with a four week consultation period. The initial technical consultation workshop with stakeholders will focus on areas of alignment with the RPIG and any changes that should be applied in a Victorian context.
- Members views were sought on how the factsheets should address the following topics (outlined in Appendix 2):
 - Requirements related to small business factsheets
 - GreenPower
 - Concessions
 - Timeframes for factsheets
 - Dealing with offer changes (e.g. tariff changes)
 - Expiry date of offer
 - Fact sheets to include offer plan IDs
 - Controlled load

1.4. Clear and fair contracts

- The Commission has received the Terms of Reference for Recommendation 4 and have commenced early analysis. Under the Terms of Reference, we are required to complete our review so that changes can commence from 1 July 2020.

1.5. Future of the reference group

- The Terms of Reference for the Stakeholder Reference Group outlined a yearlong commitment for members and the Commission intends to implement an opt-out model which provides members the opportunity to opt-out of continuing as a member for the rest of 2019. The Commission will replace members who opt-out as appropriate.
- Based on members' feedback last year, we propose to keep the same meeting frequency and duration in 2019. The remaining reference group meeting dates will also be sent to members following the meeting.

Appendix A - Agenda

No.	Item	Presenter	Duration
1	Welcome & general update	Aaron Yuen (Chair)	5
2	Pricing		
	• Update	Aaron Yuen (Chair)	5
	• Victorian Default Offer (VDO)	Dean Wickenton (SRM)	15
	• Any other business	Members	5
3	Bills & marketing		
	• Update on issues related to the ESC's draft decision	Sugi Sivarajan (PM)	20
	• Any other business	Members	15
4	Clear & fair contract		
	• Update on recommendation 4	Sugi Sivarajan (PM)	5
	• Any other business	Members	5
5	Future of the reference group		
	• Formation of the reference group	Aaron Yuen (Chair)	10
	• Reference group meeting dates 2019		
6	Other		
	• Any other business	All	5

Appendix B – Discussion Points for Stakeholder Reference Group

This document outlines key points for discussion with the Retail Market Review Stakeholder Reference Group on 15 January 2018.

Our draft decision on December 2018 stated that we will introduce a new Victorian energy plan fact sheet to replace the existing price and product information statements and offer summaries. In particular, we set out that:

- the form and content of the fact sheet will be based on the requirements of the Australian Energy Regulator's (AER) energy fact sheets (draft decision 2)
- the fact sheet must also be made available to customers, in alignment with the equivalent rules within the national framework (draft decision 5)

The following table outlines specific topics for consideration and discussion at the reference group meeting. We are interested in the reference group's thoughts on whether these topics should align with the national framework under a Victorian context.

Topic for consideration	Specific obligations in the national framework (AER)	Current similar obligations in the Victorian context
1. Requirements related to small business factsheets	All small user plans require a BPID. However, energy profiles will not cover small business customer plans (i.e. no comparison tables will be shown on these BPIDs).	-
2. GreenPower	One BPID is required for each retail plan, which includes a table with different GreenPower options	-
3. Concessions	Retailers can generate separate offers for concession holders, but they must specify in the eligibility criteria that this is only applicable to people with concessions. Concession plans are restricted plans (obligation to generate BPIDs but not publish).	-
4. Timeframes for factsheets	Basic Plan Information Document (BPID) available within two business days of offer becoming available to customers.	Price and Product Information Statement (PPIS) are to be made available within 5 days. Note that for Victorian Energy Compare (VEC), offers are to be uploaded into the retailer portal within 2 days of being published
5. Dealing with offer changes (e.g. tariff changes)	Retailers responsible for ensuring information on Energy Made Easy and retailer websites are up to date.	PPIS must be updated within 5 business days of the information in the statement changing.
6. Expiry date of offer	BPID do not specify an expiry date for offers. Expired offers must be removed within 2 days.	-

Topic for consideration	Specific obligations in the national framework (AER)	Current similar obligations in the Victorian context
7. Fact sheets to include offer plan IDs	Retailers must refer to the plan ID to identify offers (including call centres or other agents).	Note that Victorian Energy Compare creates unique offer IDs for each plan.
8. Controlled load		Q: Should we develop controlled load specific factsheets – if it's not a separate factsheet, do you have any other suggestions on how to present the information?