

# Annual Report 2022–23 Extract



## From the chairperson



Chairperson and Commissioner  
Kate Symons

### Year in review

When I reflect on the commission's work over the past 12 months to deliver better essential services for Victorian communities, three key aspects come to mind – strong stakeholder relationships, a commitment to continual improvement and effective action. The commission leaned into these areas in 2022–23 as we reviewed unbooked taxi fares, solar feed-in tariffs, five-year water pricing schedules and Victorian Default Offer prices – each representing significant pricing decisions with the potential to affect households and businesses across Victoria.

Against a backdrop of changed economic conditions for both consumers and industry, we focused on seeking diverse stakeholder views, perspectives and experiences to bring these reviews and decisions to life. The commission values the contributions of all stakeholders in our consultation and engagement activities. These build our understanding of the sectors and businesses we regulate, and the community impacts, as we move through our decision-making process.

Growing cost-of-living pressures for many in our community made these complex decisions even more so. It was important that we heard community members and representatives speak to their experiences, expectations and views on path a forward through these challenging decisions. We were privileged to be part of many respectful, productive conversations over the year that covered difficult topics or diverging views and were supported by a shared goal of bringing positive change to Victorians. The ideas we heard and insights we learned informed our decisions and reinforced our commitment to deliver value to Victorians. This includes a renewed focus on working to make sure all Victorians are aware of and can access the critical support they are entitled to through the strong consumer protections we have in this state.

### Supporting all Victorians

Supporting Victorians experiencing vulnerability to have equitable access to essential services is an enduring priority for the commission. With the support of the Assistant Treasurer's 2022 ministerial statement of expectations, we continued to implement the 33 actions identified in our three-year *Getting to fair* strategy to facilitate more responsive, inclusive and accessible essential services for consumers experiencing vulnerability. We completed several strategy milestones this year. These included a review of the Water Industry Standards to strengthen support and protections for consumers with new standards effective from March 2023, a review of how energy retailers have implemented Victoria's Payment Difficulty Framework to support consumers facing bill stress, and providing initial advice to the Minister for Local Government on a hardship guideline for the local government sector. I am grateful for the support and contribution of regulated businesses, government, community groups and the wider community in this shared mission to support Victorian consumers experiencing vulnerability. There is much more to be done and I look forward to progressing this important work together.

## Upholding critical consumer protections

The commission brought this same focus to our compliance and enforcement work in 2022–23. We accepted an enforceable undertaking from a water business over allegations it failed to uphold critical protections in place to support customers affected by family violence. The commission also issued 74 penalty notices to six energy businesses resulting in \$1.65 million paid in penalties. These followed alleged contraventions of consumer protections relating to the Payment Difficulty Framework, life-support services, planned interruption notifications and Victorian Default Offer rates. We accepted enforceable undertakings from a further five energy businesses in relation to alleged breaches of the Payment Difficulty Framework, wrongful disconnections and explicit informed consent consumer protections.

Improved consumer experiences and outcomes remained front of mind for the commission this year in our responsibilities to regulate and administer the Victorian Energy Upgrades program. Over the past 12 months we have worked to implement critical reforms that reflect the growing value of the program to consumers in an environment of higher energy prices and urgent climate action. These reforms demand better standards, practices and processes from regulated businesses and provide for stronger compliance and enforcement powers for the commission. With over half a million Victorian households and businesses accessing energy efficient upgrades through the program in 2022, these reforms position the program for continued success as it enters its 15th year.

## Making a positive difference

I would like to take this opportunity to acknowledge the contributions of past and recent leaders at the commission, including that of our friend and colleague, former commissioner Richard Clarke who passed away in July 2023. Richard was involved in a diverse range of decisions as a commissioner. We remember Richard as an outstanding intellectual leader. We are grateful for his leadership, courage and friendship – he is sorely missed.

I would also like to acknowledge the leadership, dedication and support of Dr John Hamill, who we farewelled in June 2023, after seven years as chief executive officer (CEO) at the commission. A talented and highly respected public sector leader, John made a long-lasting contribution to the great working culture we have at the commission. He was instrumental in helping the commission to achieve positive changes for Victorians through our work program.

Looking ahead, we are delighted to welcome Sarah Sheppard to the role of CEO from October 2023. Her qualifications, experience, and leadership qualities will be invaluable in achieving the commission's strategic priorities and leading its day-to-day operations. My fellow commissioners and I look forward to working with Sarah and her executive team to deliver better essential services for all Victorians.

In 2024, the commission will celebrate 30 years as Victoria's independent economic regulator. That is 30 years of promoting the long-term interests of Victorians with respect to the price, quality and reliability of essential services. When I think about the goals we have set, the challenges we have crossed, the insights we have gained, the deep expertise we have developed and the progress we have made on behalf of Victorian consumers over those 30 years, I am proud of the work we have accomplished and energised by the work we have left to do. As we enter this next chapter of our important 30-year history, I am even more proud of the talent and dedication of the entire team, including my fellow commissioners, executive members and all staff at the commission who work so hard and with such care to make a positive difference to all Victorians. Thank you to all our staff for your work and service this year.



**Kate Symons**  
Chairperson  
Essential Services Commission

# Snapshot 2022–23



## Bringing the voice of consumers to the centre of our work

We progressed our *Getting to fair* strategy which has 33 actions to support vulnerable consumers through facilitating more responsive, inclusive and accessible essential services. We have implemented 21 actions.



## Water price review

We completed a review of the pricing proposals from 14 Victorian water businesses in 2022–23. Following consultation, we issued a determination which sets the maximum prices that water businesses may charge customers for the next five years.

Typical household water and sewerage bills (for owner-occupier households) will rise on average by around:

- \$22 (or 2 per cent) in metropolitan Melbourne.
- \$74 (or 6.6 per cent) in regional Victoria.



## Victorian Default Offer

The 2023–24 Victorian Default Offer increased by about 25 per cent – mainly due to significant increases in wholesale electricity costs in 2022–23 impacting energy retailer futures contracts.



## Land Access Code of Practice

We are developing a new Land Access Code of Practice to regulate how electricity transmission companies can access land under section 93 of the *Electricity Industry Act 2000*. We published a consultation paper in January 2023 and a draft code of practice for consultation in June 2023.



## Growing consumer participation in the Victorian Energy Upgrades program

We registered more than 6.7 million Victorian energy efficiency certificates in 2022–23 as part of the Victorian Energy Upgrades program, with more than 544,000 households and businesses benefiting from the upgrades. We commenced planning and implementation for major program reforms, including an enforceable code of conduct, new accreditation processes and standards, new program fees and strengthened functions and powers for the commission.



### Strong compliance and enforcement action

We undertook three energy sector compliance programs: bill change alert, best offer and disconnection compliance.

We accepted court enforceable undertakings from five energy businesses in relation to alleged non-compliance with the Victorian Payment Difficulty Framework, disconnection and explicit informed consent consumer protections. We also accepted an enforceable undertaking from a water business over allegations it failed to uphold critical protections in place to support customers affected by family violence.

We issued 74 penalty notices to energy businesses totalling \$1.655 million for alleged breaches of the energy rules. This included: failing to register life-support customers appropriately, not giving planned interruption notifications to customers relying on life support, and failing to provide assistance to customers experiencing payment difficulties.

We undertook enforcement action against accredited persons under the Victorian Energy Upgrades program. This included revoking the accreditation of one accredited person and suspending the accreditation of another for failing to comply with program rules. We also used our powers to impose conditions and restrictions on accreditation to respond to non-compliant installations under the VEU program, this included requiring rectification of those installations.



### Facilitating Victorian energy market entry and exit

We issued 6 energy licences:

- four electricity generation licences
- one electricity retail licence
- one gas retail licence.



### Rate capping report

We released our 2022–23 report (covering 2016–22) which examines the impact of rate capping in Victoria, providing information about councils' services, infrastructure and financial outcomes since the introduction of rate capping. In 2022–23, all 79 councils complied with the rate cap set for them and there were no applications for a higher cap. All councils were subject to an average rate cap of 1.75 per cent.



### 34 events

Almost 1,800 representatives from regulated businesses, consumer groups and community sector organisations participated in 34 online, public and stakeholder events.


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