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Ms Kate Symons
Mr Sitesh Bhojani
Ms Rebecca Billings
Mr Simon Corden
Essential Services Commission
Level 37, 2 Lonsdale St
MELBOURNE VIC 3000

Submitted electronically: <https://engage.vic.gov.au/building-strategy-regulate-consumer-vulnerability-mind>

Dear Commissioners



EnergyAustralia
LIGHT THE WAY

EnergyAustralia Pty Ltd
ABN 99 086 014 968

Level 33
385 Bourke Street
Melbourne Victoria 3000

Phone +61 3 8628 1000
Facsimile +61 3 8628 1050

enq@energyaustralia.com.au
energyaustralia.com.au

ESC Regulating with consumer vulnerability in mind

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory, of which around 22k customers are supported under our hardship program (EnergyAssist). EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise 4,500MW of generation capacity.

EnergyAustralia welcomes the opportunity to comment on the ESC's *getting to fair* draft strategy on regulating with consumer vulnerability in mind. We have always focused on protecting vulnerable customers, and this priority has developed a thorough understanding of the diverse range of life events and situations that can impact a customer's capacity to manage their financial affairs. We therefore appreciate the ESC's consideration for regulating with customer vulnerability in mind; however, we have reservations on some of the assertions, limited supporting data, and the merit of some recommendations.

In our view, there is an undertone in the draft strategy that retailers, and therefore regulation, has not done enough to protect vulnerable customers. EnergyAustralia is disappointed that the ESC has not appreciated how and where retailers have met the mandatory requirements of constantly evolving regulation, and where we exceed these requirements in the services, offer, and protections we provide vulnerable customers.

Notably, energy retailers have provided support to customers throughout the COVID pandemic; this occurred prior to any requirement from regulation, went beyond any requirement from regulation, exceeded the support offered by other industries, continued beyond the finalisation of state and federal government support, and included the development of a 'best practise guideline for customer support'.

We therefore request the ESC to consider how its energy initiative, '*develop a program to support better practise approaches for energy retailers and distributors to support a consistent understanding of vulnerability and hardship policies*', can accompany the work

that retailers already do, involve retailers in the development, and approach any output with a consideration for limiting further formal regulation (unless justification is deemed under an evidenced-based benchmark).

The draft strategy highlighted the aversion customer's hold to the terminology of vulnerability, in part this is due to the established understanding that customers facing these difficulties, do not want to be. Anecdotally, this is what we find to be true, customers are trying everything within their capacity to overcome their difficult financial situations. Supporting customers experiencing vulnerability, protecting them when they need it most, and empowering them to overcome it, is a positive outcome for all.

We agree that regulation is fundamental to ensure adequate protections are provided, and support amendments to existing regulation when there is evidence, supported by data, forming the decision. The draft strategy has not yet met an evidence-based benchmark for its general views of customers experiencing vulnerability, or for the suggested proposals. This position is based on the ESC developing the draft strategy based on minimal stakeholder participation and anecdotal evidence.

We are not suggesting the situations and examples provided by the participants in the development of the draft strategy did not exist, or in anyway attempt to dilute the gravitas of them. However, determining views on vulnerability, and the actions required to rectify, should not be based on the examples of a few consumers, it requires a more diverse and extensive evidence base to ensure that regulation will address an identifiable systemic issue.

EnergyAustralia does not believe that vulnerability will, or can, be eradicated via regulation alone. The support required to address the cause, the duration, and the aftereffects, requires involvement from almost all areas of society. It is important to consider if further regulation in the energy market is the most effective and efficient form of addressing the underlying causes on vulnerability, i.e. at what point does financial support become the remit of the state or federal government? Or how is parity ensured in the regulation of all essential service providers?

The draft strategy's initiative '*the review of the payment difficulties framework considers the effectiveness of this reform for consumers experiencing vulnerability and directly incorporates the voices of consumers experiencing vulnerability*' is admirable and understandable. We believe that review of existing regulation is vital to ensure that regulation has achieved the desired outcomes it initially purported, and remains fit-for-purpose. To this point, we believe that the review of the '*best offer*' reforms – as suggested prior to, and noticeably removed from, the release of the draft strategy – should be considered.

If you would like to discuss this submission, please contact me on [REDACTED] or [REDACTED].

Regards

Travis Worsteling

Regulatory Affairs Lead