

VICTORIAN

Energy Market

REPORT

MARCH 2023

Energy in Victoria



Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to one of the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

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The Victorian Energy Market Report meets our reporting obligations under section 10AA(a) and 10AAB of the *Essential Services Commission Act 2001*; sections 39A and 109A(3) of the *Electricity Industry Act 2000*; sections 47 and 223(3) of the *Gas Industry Act 2001*; and section 67(1) of the *Victorian Energy Efficiency Target Act 2007*.

Important notice

The information in this publication is to meet statutory reporting requirements and provide general guidance only. It does not constitute legal or other professional advice and should not be relied on as a statement of the law in any jurisdiction. While the commission has made every reasonable effort to provide current and accurate information, you should obtain professional advice if you have any specific concern, before relying on the accuracy, currency or completeness of this information.

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Chairperson's foreword

With rising energy bills contributing to cost of living pressures for Victorians, the Essential Services Commission is closely monitoring the energy sector's compliance with the strong consumer protections to which Victorian energy consumers are entitled.

Where we see non-compliance with the rules, we will not hesitate to take strong action. In this report we highlight the recent payment of over \$180,000 in penalty notices by each of Mojo Power East Pty Ltd and QEnergy Ltd for allegedly charging relevant customers higher prices than the Victorian Default Offer. This action emphasises the right of every Victorian energy consumer to be billed accurately.

Further, Alinta Energy Retail Sales Pty Ltd (Alinta Energy) paid over \$380,000 in penalty notices for an alleged failure to provide adequate support for customers experiencing payment difficulty. In particular, it was alleged that Alinta Energy required four customers to speak to a financial counsellor before it provided assistance. This matter demonstrates that placing barriers in front of customers seeking payment assistance is unacceptable.

Placing barriers in front of customers seeking payment assistance is unacceptable

We also demonstrated that we are using the full range of our tools to deter wrongful conduct by accepting a court enforceable undertaking from Momentum Energy Pty Ltd in relation to allegations it unlawfully disconnected electricity to the home of a family violence victim-survivor experiencing financial difficulties.

Our report also provides the latest data on consumers entering payment assistance. In this climate of increasing costs of living we note that the average number of customers accessing tailored assistance each month in 2022–23 has increased by 10 per cent for gas and three per cent for electricity, compared to the monthly average in 2021–22.

As we continue to closely monitor disconnection trends and engage directly with retailers regarding their disconnection processes, we encourage customers experiencing payment difficulties to engage with their retailers, and for retailers to work with their customers to help manage their energy debt.

After a turbulent period of record high prices in the wholesale electricity and gas markets in 2022 and the exit of several energy retailers from the market, we are increasing the scrutiny of electricity and gas retail licence applications in Victoria. These measures are intended to ensure that new retailers entering the Victorian market are sufficiently resilient to withstand wholesale market volatility.

The record high wholesale electricity prices have also had an impact on our draft decision for the 2023–24 Victorian Default Offer, resulting in higher prices than in the 2022–23 Victorian Default Offer. We are seeking feedback on our draft decision by 11 April, to be considered for our final decision which will be made by 24 May 2023.

As the commission works to protect the long-term interests of Victorian energy consumers, we are closely monitoring that energy businesses follow the energy rules by providing Victorians with the assistance they are entitled to. If you are unsure of your rights as a Victorian energy consumer, we encourage you to contact your retailer or visit the commission's website.

Kate Symons
Chairperson and Commissioner

Energy in Victoria

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 - ▶ Wrongful disconnections
 - ▶ Customers experiencing payment difficulty
 - ▶ Disconnections
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-

October - December 2022



October – December 2022

Compliance
and
enforcement



Over
\$125k

compensation paid to
customers by retailers
for wrongful
disconnections



Market
entry and
exit

103

customers affected by
retailer wrongful
disconnections

3

electricity
generation licences
issued



150

responses to
customer
enquiries

Customers
experiencing
payment
difficulty

11

warning /
education
letters

65,584

residential
electricity customers

on tailored assistance at
31 December 2022

56,466

residential
gas customers



Reports
and
reviews

Land
Access Code
of Practice



We are developing an enforceable code
of practice in relation to how electricity
transmission companies access land

The draft code of practice
is scheduled for release in
May 2023

ESSENTIAL SERVICES COMMISSION





Compliance and enforcement activities

Our 2022–23 compliance and enforcement priorities guide our decision-making and safeguard the rights and protections for Victorian energy consumers.¹

In the last quarter (1 October 2022 to 31 December 2022), we:

- issued 11 warning / education letters
- conducted 30 actions to promote compliance, including requests for detailed information and remediation plans
- provided 150 responses to customer enquiries.

We continued to undertake compliance and enforcement activities in response to suspected non-compliance with Victoria's strong energy consumer protections. We also revised instruments, updated and issued guidelines and provided

education to industry where required. Alongside our regulatory activities and functions, these actions assist participants in the market to better understand their responsibilities, rights and obligations and allow us to act more effectively to prevent and address issues that impact Victorian energy consumers.

Appointment of inspectors

The commission appointed 11 compliance and enforcement staff members as inspectors under the *Essential Services Commission Act 2001* in December 2022.

The search and entry powers available to our inspectors are a tool to gather evidence as part of investigations and allow us to continue serving the community by keeping energy businesses accountable. These appointments reflect the value we place on the experience, skills and professionalism that our staff bring to their roles and our commitment to the professional development of our team.

Enforcement action

Incorrect billing

Penalty notices issued by the commission were paid by each of Mojo Power East Pty Ltd (Mojo Power) and QEnergy Ltd (QEnergy) in January 2023. Each retailer paid over \$180,000 in penalties after they allegedly charged over 470 relevant customers more than the Victorian Default Offer between January and February 2022. The Victorian Default Offer is a trusted safeguard for energy consumers, including those experiencing vulnerability. This action emphasises the right of every Victorian energy consumer to be billed correctly.

Failure to provide adequate assistance

Alinta Energy Retail Sales Pty Ltd (Alinta Energy) paid over \$380,000 in penalties in January 2023. Alinta Energy allegedly failed to provide adequate assistance to 13 residential customers experiencing financial hardship between December 2021 and March 2022. It was alleged that Alinta Energy required four of the 13 customers to speak to a financial counsellor before it provided assistance. The other customers received some assistance, but not all the forms of assistance that should have been offered. This matter demonstrates that placing barriers in front of customers seeking payment assistance is unacceptable.

Proactive compliance programs

The commission may choose to initiate a proactive compliance program when we identify a potential risk to consumers in the energy sector. We seek to define potential issues, gather relevant information, and develop and implement appropriate compliance strategies to address these issues in the immediate and long term.

This approach allows us to respond more effectively to evolving conditions in the Victorian energy market.

'Best Offer' messaging compliance program

In the *Victorian Energy Market Report 2021–22* we highlighted our Best Offer messaging compliance program.² We reviewed how well retailers are complying with their obligation to tell customers – via their bills – whether they are on their retailer's best offer. This program identified that retailers may benefit from commission guidance on some of these obligations. We are currently developing a guideline that will assist retailers in complying with Best Offer messaging requirements in the Energy Retail Code of Practice.

¹ See the commission's website for further details about our [compliance and enforcement priorities](#).

² See the commission's website for further details about the [Best Offer messaging compliance program](#).

We will notify retailers when this guideline is available on our website. We will continue to work with retailers to assist them to improve their compliance including engaging with them directly on issues where appropriate.

Bill change alert compliance program

This quarter saw progress on our bill change alert compliance program. As highlighted in previous Victorian Energy Market Reports, May and June 2022 had unusually high energy prices in the electricity wholesale market and the commission raised concerns about a number of energy retailers contacting customers advising them to find new retailers to avoid significant price rises.

Notifying customers

When retailers change their customers' prices, they must inform affected customers by issuing a 'bill change alert' under clause 106 of the Energy Retail Code of Practice. To ensure customers received clear information about their changing plans, in the period 1 July 2022 to 1 August 2022, we

monitored the behaviour of retailers and examined messaging sent to customers ahead of the expected price increase on 1 August 2022. We took the following actions:

- **We issued a proactive reminder to retailers.** We wrote to retailers on 11 July 2022 to remind them of their key obligations.
- **We obtained examples of bill change alerts issued by 18 retailers** representing 53 per cent of the electricity retail market.³
- **We conducted a review of the bill change alerts** to check if retailers were compliant with the Electricity Retail Code of Practice.

Outcomes

Our analysis showed that the majority of bill change alerts examined were broadly compliant. However, our review identified several potential matters of concern, which can be grouped into three categories (Table 1).

Table 1: Concerns identified with retailers' bill change alerts (1 July 2022 to 1 August 2022)

Concern	Retailers
Price change information	
Concerns about the provision of adequate information about pricing.	
a. Retailers may not have calculated the annual cost impact of the price change for their customers correctly or omitted this estimation entirely	<ul style="list-style-type: none"> • Electricity in a Box Pty Ltd • Elysian Energy Pty Ltd • Diamond Energy Pty Ltd
b. Retailer may not have provided their customers with current pricing information	<ul style="list-style-type: none"> • Electricity in a Box Pty Ltd
Providing clear information	
Concerns about issuing bill change alerts in accordance with the objective of the rules (to give customers assistance that enables them to engage confidently in the energy market) by:	
a. Creating potential barriers to accessing offers from other retailers	<ul style="list-style-type: none"> • IPower 2 Pty Limited & IPower Pty Limited (Simply Energy) • Tango Energy Pty Ltd
b. Not giving essential information appropriate prominence	<ul style="list-style-type: none"> • Diamond Energy Pty Ltd • OVO Energy Pty Ltd
Deemed best offer messages	
Concerns about providing a best offer message in accordance with the requirements. We are considering some of these matters in association with our ongoing Best Offer messaging compliance program.	

³ Based on Compliance and Performance Reporting Guideline 2021–22 customer numbers as at 30 June 2022. The [Victorian Energy Market Dashboard](#) can be accessed via the commission's website.

Where alleged non-compliance was identified, we addressed this in line with our compliance and enforcement policy.⁴ Where we identified issues with retailers, they have either made changes or plan to make improvements going forward to ensure their bill change alerts are compliant with the relevant rules. We issued a warning letter to one retailer and another retailer's issues will be addressed through a voluntary undertaking.

Notice to retailers about contract change notifications

On 12 January 2023, we issued a letter to the energy industry after we obtained information that multiple retailers may have failed to provide customers with appropriate notice prior to price changes, or ahead of their fixed term contracts ending. Our letter reminded retailers of the importance of these vital protections that help customers make informed decisions about their energy contracts.

We continue to monitor the compliance of retailers with respect to contract change notifications.

Electricity in a Box Pty Ltd case study

As part of the bill change alert compliance program, we received a sample of a bill change alert that Electricity in a Box Pty Ltd had issued its customers regarding a price change taking place on 1 August 2022. Our review identified a number of concerns with this notification including:

- the customer was not provided with a best offer message
- the customer was not informed of the estimated dollar impact of the price change based on their past usage
- the customer was not provided with their current prices
- the customer was not provided with five clear business days' notice ahead of the price change taking effect.

We notified Electricity in a Box Pty Ltd of our concerns and issued a warning letter to signify the importance of adhering to these obligations. Electricity in a Box Pty Ltd engaged with us to ensure

its remediation of these issues was appropriate and that going forward it would provide all the required information to customers when prices change.

We consider that providing customers with clear and helpful information when their prices or plans change is essential to helping them engage in the energy market. We will continue to monitor retailers' bill change alerts.

Voluntary undertaking

The commission may accept voluntary undertakings in appropriate circumstances to formalise the remediation of issues with licensees in accordance with our compliance and enforcement policy.⁵ A voluntary undertaking will only be accepted where we are confident that the licensee will comply with the terms of the undertaking.

The commission received reports about three issues regarding M2 Energy Pty Ltd trading as Dodo Power & Gas (Dodo) in July and August 2022. We were concerned that Dodo may have:

- Issued bills to customers in error, including accounts that had been closed for several years, and had deducted direct debits for some of these bills.
- Removed pay on time discounts from the accounts of solar customers without giving them prior notice.
- Failed to provide customers with all the required information when their prices were changing in August 2022.

We engaged with Dodo to understand what had occurred and the steps Dodo was taking to rectify the potential non-compliance. Dodo reported that it had cancelled the incorrect bills and refunded incorrect direct debits. Further, Dodo reinstated the pay on time discounts and gave relevant customers the missing price change information in a new notice.

Following this, in October 2022, we sought a voluntary undertaking from Dodo that aimed to seek assurances that these issues were being appropriately remediated.

Dodo regularly reported to the commission on the status of each item in the undertaking. This included:

- monitoring the accounts of customers who received bills in error to ensure any payments made were refunded promptly

⁴ See the commission's website for further details about our [compliance and enforcement policy](#).

⁵ See the commission's website for further details about our [compliance and enforcement policy](#).

- complying with overcharging obligations set out in the Energy Retail Code of Practice when reinstating and backdating pay on time discounts removed in error
- completing a review of the decision-making process that resulted in pay on time discounts being removed from solar customers' accounts without prior notice
- reviewing its process for issuing bill change alerts and implementing changes to ensure all the required information is provided to customers in a single notice in the future.

Use of third-party sales partners

We received multiple reports this quarter of instances in which the transfer of a customer was arranged by a third-party sales partner without the customer's explicit informed consent.

In one example, a retailer's investigation identified that a third-party sales agent had proceeded with a transfer, despite the customer's confusion. In a further example, a retailer identified that a third-party sales agent had failed to provide the customer with accurate information about their prices.

In response to these incidents, the respective retailers arranged for relevant staff to be retrained. We issued an education letter highlighting the importance of explicit informed consent obligations. We emphasised that despite the issue being allegedly caused by agents of a third-party sales partner, it is the retailer that is ultimately responsible for compliance. This includes all errors on the part of any employees or agents of third parties.

Victorian energy retailers are responsible for actions of third party sales agents

When third parties represent retailers or market their products, it is the retailer's responsibility to ensure that the third parties are fully compliant with the rules and regulations of the Victorian energy market, including obligations relating to explicit informed consent.

It is important that retailers implement and maintain systems and controls that can detect and prevent the arrangement of customer transfer by a third-party sales agent in instances where explicit informed consent has not been obtained.

⁶ See the commission's website for further details about our [Explicit Informed Consent Guideline](#).

Explicit Informed Consent Guideline

Explicit informed consent is fundamental to a customer's ability to engage with the Victorian energy market confidently and one of our current compliance and enforcement priorities. Our Explicit Informed Consent Guideline (published in May 2022) contains further information and guidance on the requirements of explicit informed consent under the Energy Retail Code of Practice.⁶

Publication of Information Gathering Notice Guideline

The commencement of the *Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021* increased the commission's statutory powers to issue compulsory information gathering notices.

The commission's information gathering powers are a critical tool that allow the commission to obtain the information, documentation and evidence we need to fulfil our regulatory functions in the long-term interests of Victorian energy consumers, including in relation to compliance and enforcement. The Information Gathering Notice Guideline helps recipients of information gathering notices to understand and comply with notices issued by the commission.

The guideline explains:

- the requirements on recipients of a notice
- the consequences of not responding to a notice
- how to approach requests for variation of a notice
- the use and disclosure of information or documents obtained pursuant to an information gathering notice.

The commission is committed to assisting voluntary compliance by providing accessible information to industry and consumers.

Streamlined reporting obligations for electricity distributors

The commission is committed to improving and updating our regulatory instruments, including guidelines and codes of practice, to streamline the reporting process for licensees and to ensure the commission receives timely and accurate information. This assists us to effectively carry out our compliance and enforcement functions.

We published our final decision on distributors' reporting obligations arising from updates to the Electricity Distribution Code of Practice on 22 December 2022. These obligations will move from the Compliance and Performance Reporting

Guideline to a schedule in the code, effective from 1 May 2023.

While the content of obligations for distributors remains unchanged, the majority of breaches that are civil penalty requirements will be reportable to the commission, aligning the reporting framework for distributors with recent changes to the code.

These changes will grant the commission an appropriate level of oversight of potential breaches.

We intend to move other distributor reporting obligations from the Compliance and Performance Reporting Guideline into relevant codes of practice in due course.



Wrongful disconnections

Disconnection warning notices: guideline update

The commission updated the existing Guideline 3 (2022): Clear and unambiguous information or advice for residential customers anticipating or facing payment difficulties on 13 January 2023.⁷

The guideline clarifies that all requirements of disconnection warning notices (outlined in clause 185(1) of the Energy Retail Code of Practice) must be contained on a single disconnection warning notice. Retailers cannot satisfy their obligations by providing the required information across multiple notices.

This shows the importance of providing key information in its entirety at specified points in the process that can lead to a disconnection.

Reporting wrongful disconnections to the commission

Retailers must report any potential or actual wrongful disconnection to the commission.

A wrongful disconnection occurs when a customer is disconnected by a retailer in situations where the retailer does not follow the proper processes set out in the *Electricity Industry Act 2000*, *Gas Industry Act 2001* and Energy Retail Code of Practice. The commission may also further investigate reported breaches and consider taking enforcement action.

Wrongful disconnections in the quarter

Ten retailers self-reported they may have wrongfully disconnected 103 customers between 1 October 2022 and 31 December 2022 (see Table 2 in the Appendix). Retailers made total compensation payments of \$125,232 (see Table 3 in the Appendix). We closely monitor the behaviour of retailers, including their self-reported wrongful disconnection payments.

⁷ See the commission's website for further details about [Guideline 3 \(2022\): Clear and unambiguous information or advice for residential customers anticipating or facing payment difficulties](#).



Customers experiencing payment difficulty

Highest number of gas customers receiving payment assistance since 2019

In November 2022, the number of residential customers accessing tailored assistance for gas was the highest it has been since the Payment Difficulty Framework started in 2019 (57,559 customers – Figure 3 in the Appendix).

The average number of customers accessing tailored assistance each month in 2022–23 has increased by 10 per cent for gas and three per cent for

electricity, compared to the monthly average in 2021–22 (Figure 1).

As well as more customers accessing assistance, the average arrears of these customers increased by nine per cent for gas and three per cent for electricity in 2022–23 so far (Figure 2). This increase comes mostly from customers who can afford their ongoing use for electricity and gas (Figure 3).

By the end of December 2022, 65,584 electricity and 56,466 gas residential customers were receiving tailored assistance from their retailer to help pay their bills. This represents 2.4 per cent of all residential electricity customers and 2.6 per cent of all residential gas customers, higher than the 2.2 per cent and 2.1 per cent respectively at the end of June 2022.

Figure 1: Average number of customers accessing tailored assistance per month, by fuel⁸

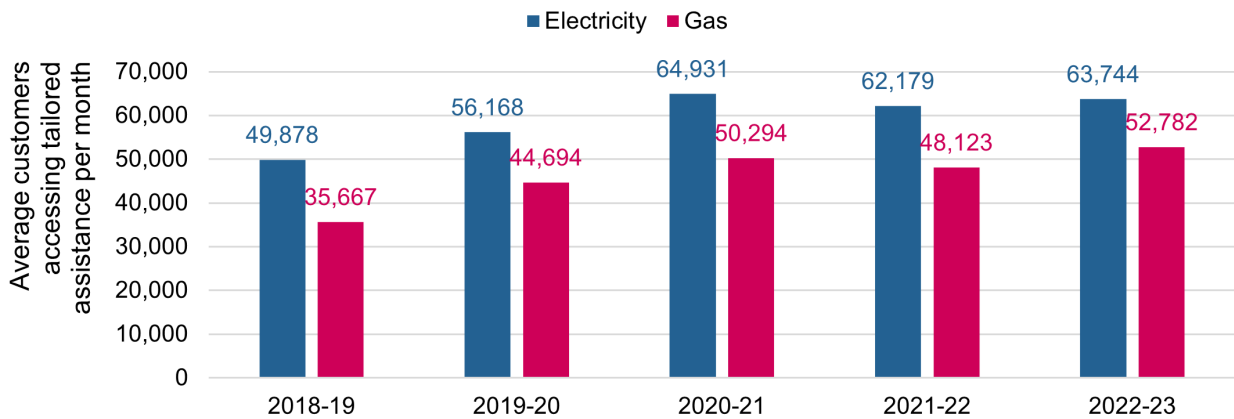
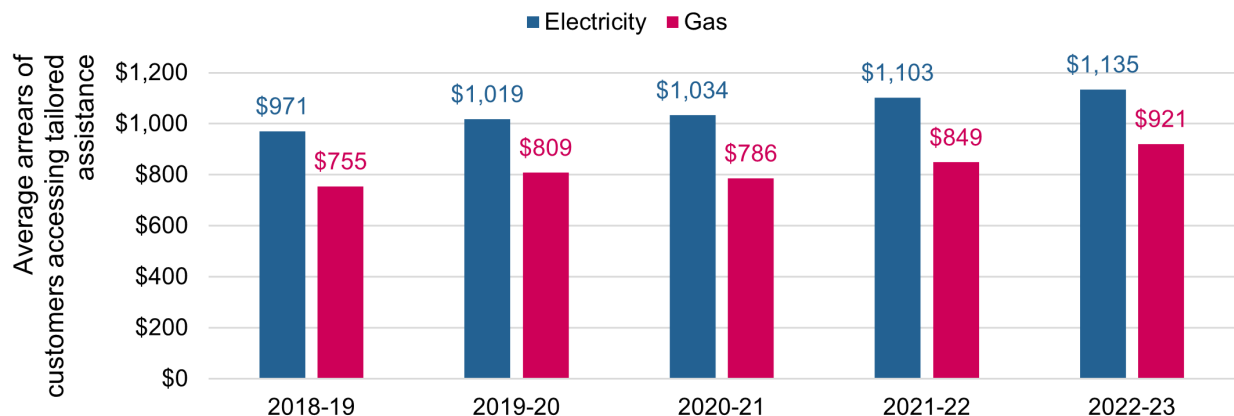


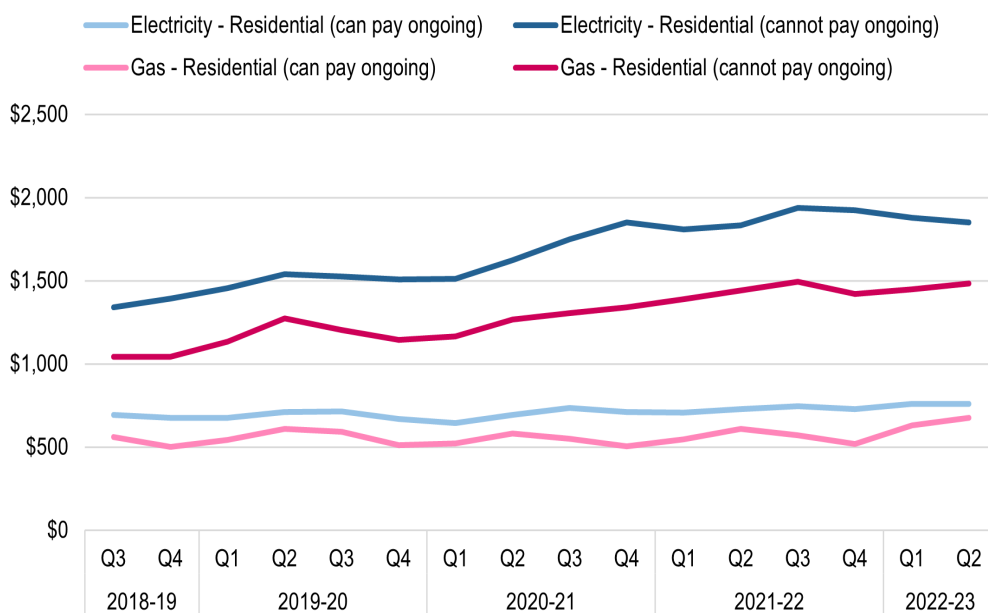
Figure 2: Average arrears of customers accessing tailored assistance⁹



⁸ 2022–23 only includes data from the period July to December 2022.

⁹ 2022–23 only includes data from the period July to December 2022.

Figure 3: Average arrears of customers accessing tailored assistance



Support available for eligible energy customers

As part of a retailer’s obligation to provide tailored assistance to help customers manage their energy bills, retailers are required to provide residential customers with information about government concessions that may be available to help customers meet their energy costs – energy concessions currently provide a 17.5 per cent reduction on bills. In 2021-22, approximately one third of Victorian households received an annual energy concession.

Additionally, the Utility Relief Grant is a grant offered by the Victorian Government to provide relief of up to \$1,300 every two years to eligible account holders.¹⁰ The number of utility relief grants paid in 2021-22 represents approximately 80 per cent of energy customers who received tailored assistance.

Retailers are also required, unless a customer requests otherwise, to complete the online application form for a residential customer and lodge it on the customer’s behalf, where a customer may be eligible for a Utility Relief Grant. If the retailer cannot complete the application form, they must complete it to the extent possible and provide a residential customer with instructions on how to complete the remainder of the form and lodge that form. We are

closely monitoring retailer obligations, including the obligation to provide information to customers about government concessions and to assist them in applying for a Utility Relief Grant.

Payment Difficulty Framework¹¹

The commission promotes protections for consumers experiencing vulnerability. With energy as an essential service, the Payment Difficulty Framework requires energy retailers to provide support for residential customers having trouble paying their energy bills.

The framework was first established in 2019 and entitles Victorian residential energy consumers to minimum levels of payment assistance from their retailer. The framework aims to help residential customers avoid getting into arrears, make it easier to pay for their ongoing energy or repay their arrears, and to ensure that disconnection for not paying a bill is only a measure of last resort.

¹⁰ Eligible account holders are those with a pensioner concession card, health care card, or veteran’s affairs gold card. Persons from low-income households may also be eligible. The grant is available to renters and homeowners.

¹¹ See the commission’s website for more information about the [Payment Difficulty Framework](#).



Disconnections

Fewer energy customers were disconnected for not paying their bills in the second half of 2022

A retailer arranging the disconnection of 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.

From July to December 2022, 6,308 residential electricity customers were disconnected for non-payment, which was fewer disconnections than in January to June 2022 (11,614) (see Figure 4).

Residential disconnections for non-payment peaked in February 2022 but decreased each month to December 2022.

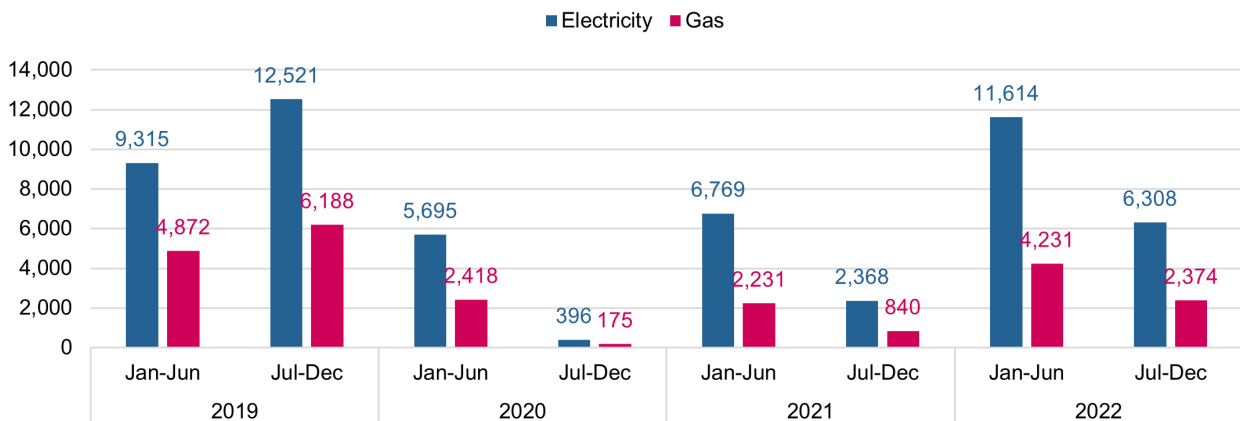
The total number of residential customers disconnected for non-payment in 2022 was less than 2019, which was the last full year without stay-at-home restrictions for the COVID-19 pandemic (see Table 1 and Figure 1 in the Appendix).

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

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, and who are complying with the terms and conditions of that assistance, are protected from being disconnected.

Figure 4: Number of residential disconnections for non-payment



Market entry and exit

Our role in licensing energy businesses

The commission grants licences to energy businesses to operate in the Victorian energy market. This includes licensing:

- electricity and gas retailers and distributors
- electricity generators
- electricity transmission companies.

New licences granted to generate electricity in Victoria

We issued three electricity generation licences between October 2022 and December 2022:

- BESS Longwarry Pty Ltd was issued an electricity generation and sale licence for a 4.95MW battery energy storage system located at Longwarry in south-east Victoria.
- Wangaratta Solar Farm Pty Ltd was issued an electricity generation and sale licence for a solar farm with an output of 33MW which is enough to power around 6,500 households each year.
- Mondo Power Pty Ltd was issued an electricity generation and sale licence for a 5MW battery energy storage system on Phillip Island.

Energy retail licences

No retail licences were granted between October 2022 and December 2022.

After a turbulent period of high prices in the wholesale electricity and gas markets in 2022, the commission has increased the scrutiny it applies to electricity and gas retail licence applications in Victoria.

We have taken these steps to promote the long-term interests of consumers. The changes to the commission's Guideline: Applications for electricity and gas industry licences and energy retail licence application form are intended to ensure new retailers entering the Victorian market are sufficiently resilient to withstand wholesale market volatility.

Retailer of Last Resort events

The commission is responsible for administering the Retailer of Last Resort scheme. The scheme protects Victorian energy consumers when their energy retailer goes out of business, transferring customers of failed retailers to a retailer of last resort to make sure that their energy service continues.

There were no Retailer of Last Resort events between October 2022 and December 2022.

Regulatory sandboxing

Victoria's regulatory sandboxing framework for the energy market started on 1 June 2022. The new framework:

- enables innovators to trial new products and services in a controlled setting for a time-limited period
- helps inform future changes to the energy rules on a more permanent basis.

While we have not received any trial waiver applications since the new framework commenced, we have provided guidance for two Victorian project enquiries received through the Australian Energy Regulator's Innovation Enquiry Service. These enquiries related to electric vehicle charging in microgrids and a battery energy storage hub.

Electricity licence exemptions

The commission administers the General Exemption Order which provides a range of exemptions from the requirement to hold an electricity licence in Victoria. Many exemptions, such as those for persons selling and supplying electricity in embedded networks, must be registered with the commission.

The commission registered 230 electricity licence exemptions between 1 October 2022 and 31 December 2022.

New rules for some exempt persons

The amended General Exemption Order 2022 commenced on 1 January 2023, following an expert panel's review of embedded networks. The review recommended a ban on new embedded networks in new residential apartment buildings, with limited exemptions.

Key changes in the General Exemption Order 2022 include:

- Restricting the sale of energy in new embedded networks (where there are 10 or more residential customers) unless the exempt person can meet specific conditions, including new renewable energy conditions.
- New deemed exemptions for persons who sell or supply electricity for the purpose of charging an electric vehicle. These exemptions do not need to be registered with the commission.
- New reporting requirements for retail activity exemptions. The first reporting period is 1 January 2023 to 31 December 2023 and the information is due for submission to the commission on or before 31 March 2024.

New renewable energy condition

The new renewable energy condition requires that 100 per cent of electricity sold by an exempt person in a new embedded network site (with 10 or more residential customers) must come from renewable energy sources.

The condition requires that at least five per cent of the electricity sold to residential customers must be generated using onsite renewable energy facilities and that the balance is covered by eligible offsite renewable energy.

There are also new record keeping and annual reporting obligations for exempt persons selling electricity in new embedded networks. The first reporting period is 1 January 2023 to 31 December 2023 and the information is due for submission to the commission on or before 31 March 2024.

Electric vehicle charging stations

The sale or supply of electricity from electric vehicle charging stations is now covered by two new deemed exemption categories in the General Exemption Order 2022.

Persons carrying out activities in the new electric vehicle charging deemed exemption categories must report annually to the commission the number of customers and electric vehicles they have sold electricity to.

The first reporting period is 1 January 2023 to 31 December 2023 and the information is due for submission to the commission on or before 31 March 2024.



Reports and reviews

Developing a Land Access Code of Practice

We are developing an enforceable code of practice in relation to how electricity transmission companies access land. This code of practice will place enforceable obligations on electricity transmission companies when they access land under section 93 of the *Electricity Industry Act 2000*. The Land Access Code of Practice is the next step in our work on land access by electricity transmission companies.

Consultation to develop the draft code of practice opened on 2 February 2023 and closed 3 March 2023. The draft code of practice is scheduled for release in May 2023.

Victorian Default Offer price review 2023–24

In December 2022, we commenced our consultation on the Victorian Default Offer prices to apply from 1 July 2023 to 30 June 2024. Our draft decision paper proposed to keep our approach to setting the Victorian Default Offer prices largely unchanged. The cost benchmarks used in the methodology will be updated with the most recent data available when making our final decision.

Feedback on our draft decision paper closes 11 April 2023. We plan to release our final decision by 24 May 2023.

Minimum feed-in tariff review 2023–24

On 27 February 2023, we released our final decision in our review of the 2023–24 minimum feed-in tariff. From 1 July 2023, retailers will be able to offer solar system owners a single rate feed-in tariff, or two time-varying feed-in tariff options, or any of the three.

It will lead to a minimum flat rate feed-in tariff of 4.9 cents per kilowatt hour (cents/kWh), down on the current rate of 5.2 cents/kWh, while overnight and evening tariffs would rise significantly to 11.3 cents/kWh and 9.3 cents/kWh, respectively.

The inputs to the minimum feed-in tariff model have been updated since we released the draft decision in December 2022. This reflects the most recent data available to us at the time of our final decision.

Unaccounted for gas benchmarks review 2022

On 19 December 2022, the commission updated the unaccounted for gas benchmarks. The updated benchmarks apply to gas distributors for the next regulatory period from 1 July 2023 to 30 June 2028. To align with changes made to the national regulatory framework, the update also extended the existing benchmarks for a six-month transitional period from 1 January 2023 to 30 June 2023.

Electricity Distribution Code of Practice

On 11 August 2022, the Electricity Distribution Code of Practice was published. It included electricity distributor reporting obligations as civil penalty requirements, and took effect on 1 October 2022.

On 22 December 2022, we published the Electricity Distribution Code of Practice update. Electricity distributor reporting obligations and performance indicators were moved from the Compliance and Performance Reporting Guideline and into a schedule to the Electricity Distribution Code of Practice. This will take effect on 1 May 2023.

Resetting the Greenfields Negotiated Electricity Connection Customer Service Standards

Victorian electricity distributors have customer service standards that relate to their work with developers and contractors to connect new housing developments to electricity. The current customer service standards are due to expire on 31 March 2023. The Greenfields Negotiated Electricity Connection Customer Service Standards are being reviewed and updated. They provide housing developers with transparency over the underground connection process and ensure electricity distribution businesses are accountable for their processes.

The consultation paper on the revised standards proposed for electricity distributor was released in December 2022. Feedback on the consultation paper closed on Monday 23 January 2023. The revised standards were released in March 2023. Distribution businesses are to report on the new standards to us every six months for the period 1 April 2023 to 31 March 2026.

Reviewing the Gas Distribution System Code of Practice

In March 2023, we published an issues paper on our review of the Gas Distribution System Code of Practice, seeking stakeholder views on the scope.

The code of practice applies to Victorian gas distributors operating the distribution system. It includes obligations relating to connection, disconnection and reconnection of customers, protections for customers who require life-support

equipment, and payments to customers who experience outages or poor service levels.

Our review is also considering existing obligations that may not be aligned with current community expectations and government policy – such as obligations on gas distributors to connect new gas customers to the Victorian network.

We are seeking stakeholder submissions until 4 May 2023, with a draft decision in August 2023.

Appendix:

- Energy in Victoria

Source: Tables 1 to 5 and Figures 1 to 8, Compliance and Performance Reporting Guideline (CPRG) data from retailers.

Table 1: Residential disconnections for non-payment by monthly averages¹

	Monthly average				Average per month					
	2019	2020	2021	2022	Jul- Sep 2021	Oct- Dec 2021	Jan- Mar 2022	Apr- Jun 2022	Jul- Sep 2022	Oct- Dec 2022
	Electricity	1,820	508	761	1,494	350	439	2,301	1,570	1,312
Gas	922	216	256	550	148	132	816	594	491	300

Table 2: Number of customers affected by self-reported wrongful disconnections by retailers²

Retailer	Total customers affected	
	July to September 2022	October to December 2022
AGL Sales Pty Ltd	5	4
Amber Electric Pty Ltd	-	1
Dodo	-	1
EnergyAustralia Pty Ltd	1	4
GloBird Energy Pty Ltd	-	1
Momentum Energy Pty Ltd	3	1
Origin Energy (Vic) Pty Limited, Origin Energy Electricity Limited	49	86
OVO Energy Pty Ltd	3	-
Powerdirect Pty Ltd	1	-
Powershop Australia Pty Limited	1	3
Red Energy Pty Ltd	2	-
Shell Energy Retail Pty Ltd	-	1
Simply Energy	5	1
Tango Energy Pty Ltd	2	-
Total	72	103

¹ The monthly average includes months where no disconnections occurred during the restriction periods of the COVID-19 pandemic.

² This data represents the current figures as at 19 January 2023 for wrongful disconnection payments made to customers between October and December 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 disconnections disputes referred to us by the Energy and Water Ombudsman Victoria.

Table 3: Compensation paid in relation to self-reported wrongful disconnections³

Total wrongful disconnection amount paid		
Retailer	Q1, 2022-23	Q2, 2022-23
AGL Sales Pty Ltd	\$4,638	\$1,507
Amber Electric Pty Ltd	-	\$100
EnergyAustralia Pty Ltd	\$3,500	\$10,617
GloBird Energy Pty Ltd	-	\$125
Momentum Energy Pty Ltd	\$315	\$46
Origin Energy (Vic) Pty Limited, Origin Energy Electricity Limited	\$47,110	\$112,024
OVO Energy Pty Ltd	\$3,184	-
Powerdirect Pty Ltd	\$1,018	-
Powershop Australia Pty Limited	\$3,620	\$775
Red Energy Pty Ltd	\$3,614	-
Shell Energy Retail Pty Ltd	-	\$38
Simply Energy	\$6,470	-
Tango Energy Pty Ltd	\$115	-
Total	\$73,584	\$125,232

Table 4: Residential Tailored Assistance customers, as at 31 December 2022

	Electricity		Gas	
	Residential tailored assistance customers	% of residential electricity customers	Residential tailored assistance customers	% of residential gas customers
Can pay ongoing usage	42,918	1.5	38,166	1.8
Cannot pay ongoing usage	22,666	0.8	18,300	0.9
Total	65,584	2.4	56,466	2.6

Table 5: Average arrears of residential Tailored Assistance customers, as at 31 December 2022

	Electricity		Gas	
	Avg arrears of residential tailored assistance customers	% increase from 2021-22 monthly average	Avg arrears of residential tailored assistance customers	% increase from 2021-22 monthly average
Can pay ongoing usage	\$755	+4%	\$655	+17%
Cannot pay ongoing usage	\$1,844	-2%	\$1,475	+3%
Total	\$1,132	+3%	\$921	+9%

³ This data represents the current figures as at 19 January 2023 for wrongful disconnection payments made to customers between October 2022 and December 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 disconnections disputes referred to us by the Energy and Water Ombudsman Victoria.

Figure 1: Residential disconnections for non-payment by month, 2021 and 2022⁴

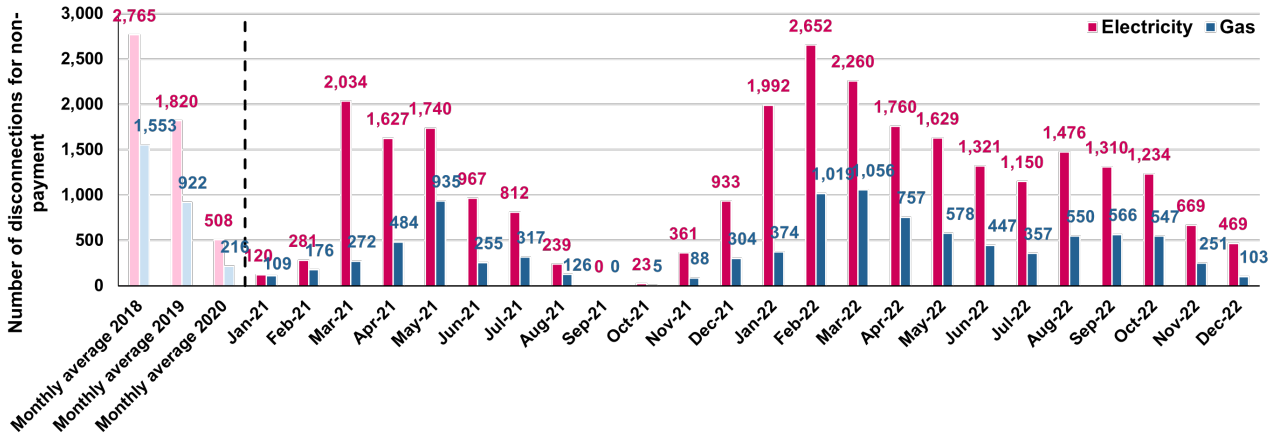


Figure 2: Residential disconnections for non-payment by year, 2018 to 2022

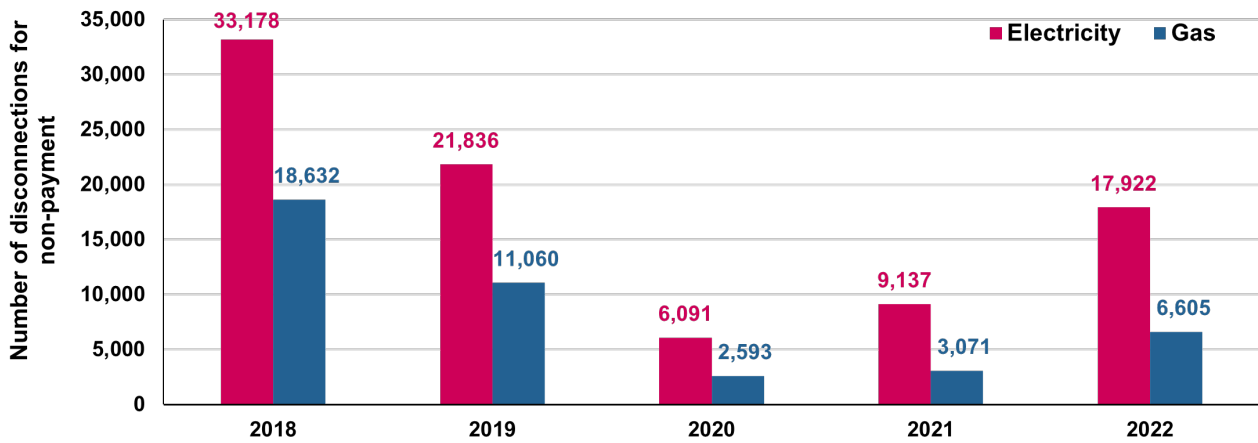
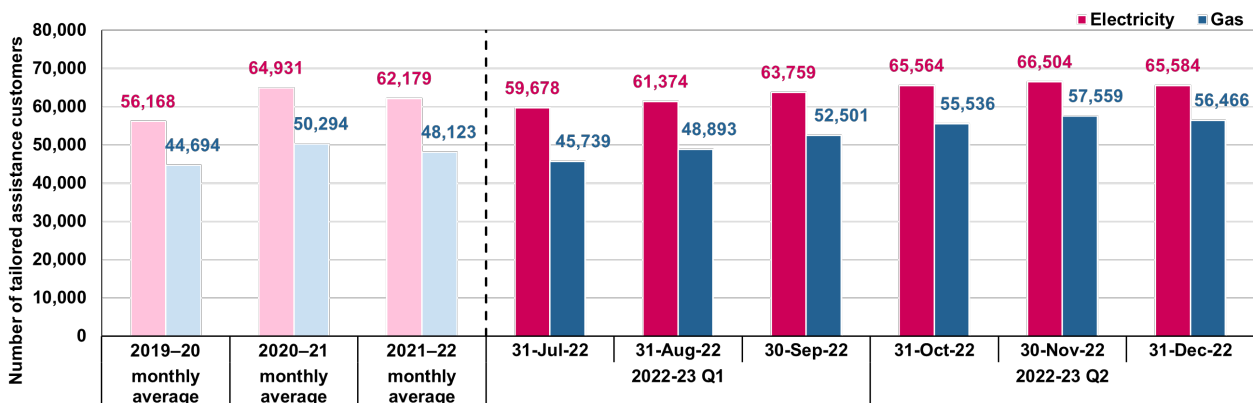


Figure 3: Residential customers receiving tailored assistance (total)



⁴ The monthly average includes months where no disconnections occurred during the restriction periods of the COVID-19 pandemic.

Figure 4: Residential customers receiving tailored assistance (can pay ongoing usage)

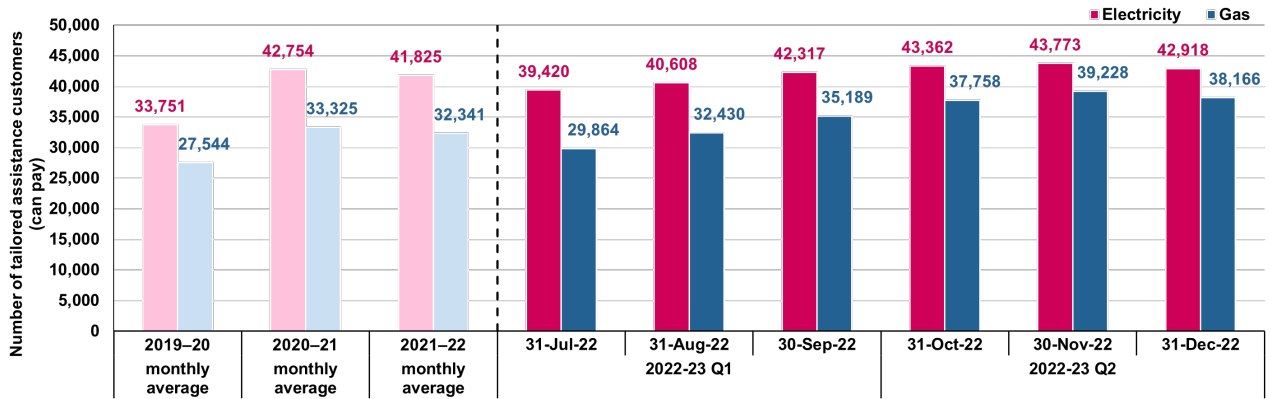


Figure 5: Residential customers receiving tailored assistance (cannot pay ongoing usage)

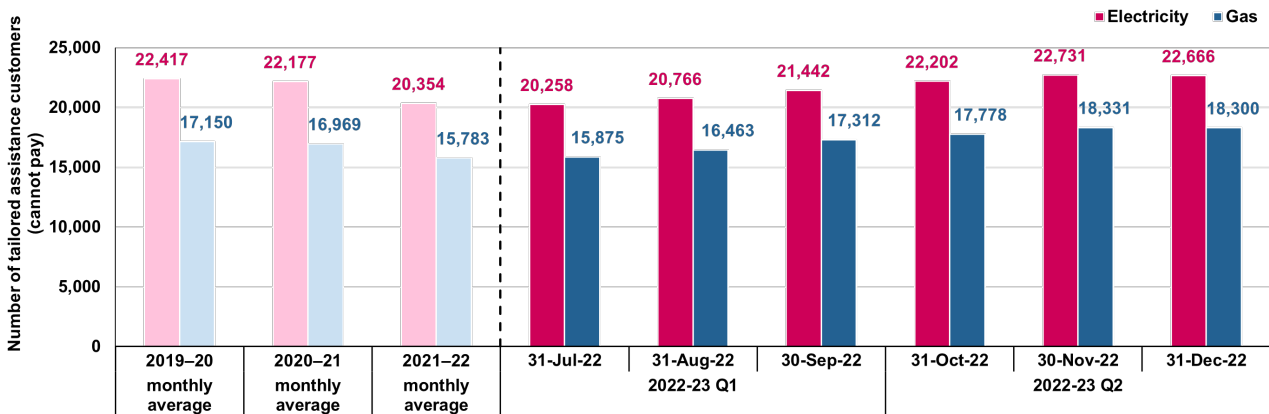


Figure 6: Average arrears for residential customers receiving tailored assistance (total)

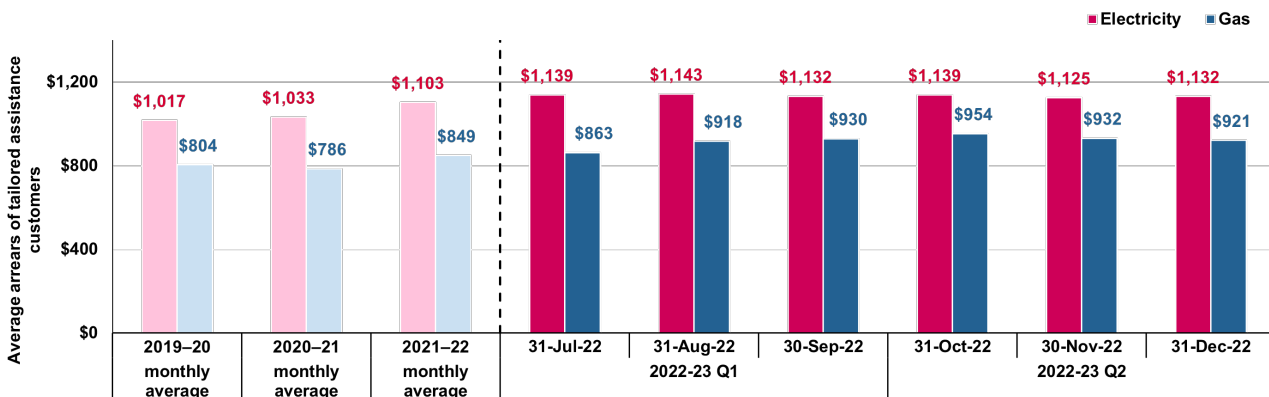


Figure 7: Average arrears for residential customers receiving tailored assistance (can pay ongoing usage)

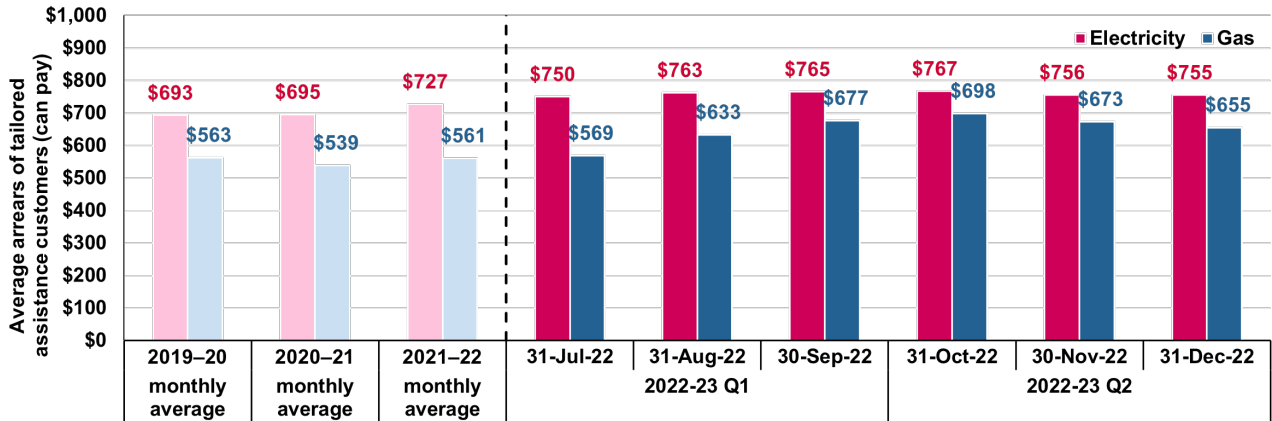


Figure 8: Average arrears for residential customers receiving tailored assistance (cannot pay ongoing usage)

