

Minutes

Retail Market Review – Stakeholder Reference Group Meeting #14

Date and Time: Tuesday 14 May 2019, 9:30 am – 11:00 am

Location: Brussels Room, Dialogue Conference Centre, 50 Lonsdale Street, Melbourne VIC 3000

Present:

Name	Organisation
Ben Barnes	AEC
Bronwyn Jennings	AER (observer)
Elizabeth Molyneux	AGL
David Bryant	Brotherhood of St Laurence
Jake Lilley	CALC
Sarah Shepherd	DEWLP (observer)
Paul Buczma	DEWLP (observer)
David McInnis	DHHS (observer)
Aaron Yuen	ESC
Jordan Tasker	ESC
Asanga Seneviratne	ESC
Zac Gillam	EWOV
Phil Gardiner	Onsite Energy Solutions
Alan Love	Powershop
Stefanie Macri	Red Energy
Gavin Duffy	St. Vincent de Paul
Emma O'Neill	VCOSS

Apologies:

- Larissa Nicholls (Centre for Urban Research – RMIT)
- Bryn Dellar (Onsite Energy Solutions)
- Michael Benveniste – Powershop

Agenda items

1.1. Welcome and general update

- Our work over the past month has focused primarily on the Victorian Default Offer (VDO) and the Victorian energy fact sheet.
- There are no updates in regards to the competitiveness review.

1.2. Pricing

1.2.1. Victorian Default Offer (VDO)

- We have provided our final advice to government and are awaiting a response.

1.2.2. Consequential code amendments

- We have released a draft decision that aims to clarify how the VDO will interact with new rules that will come into effect on 1 July 2019.

Questions/comments from stakeholders

VCOSS expressed broad support for the consequential amendments and noted that it was important that retailers explicitly state that there is a VDO in existence.

How will the clear advice entitlement work with draft decision 3?

- Clear advice applies to the suitability of offers. Draft decisions 1 and 2 propose to clarify the interaction of the VDO when a retailer deems the suitability of offers for a customer. Draft decision 3 proposes that in any discussion with a customer, the retailer will make known the existence of the VDO.

How does the VDO interact with a retailer's obligation to supply? Is a retailer without an obligation to supply required to specify the VDO?

- As per the draft decision, a retailer must provide information about the VDO.

Is there any guidance on the enforcement of the consequential amendments given the call centre staff retraining required by 1st of July?

- We are unable to comment at present but encourage stakeholders to comment via the submission process. We will publish our decision as soon as we can.

Can the commission provide a forward plan for the VDO at the next SRG?

- We will consider how much information can be made available and provide an update at the next meeting.

1.3. Bills & marketing

1.3.1. Update

- We released our technical final decision on the Victorian energy fact sheet on 9 May 2019.
- The Department of Environment, Land, Water & Planning (DELWP) are currently conducting user testing of fact sheet generation through the updated Victorian Retailer Portal with retailers.

Questions/comments from stakeholders

- Retailers noted the need to create search functionality for offer IDs as this is currently not provided within the Victorian Retailer Portal (VRP). Retailers stated there will be a delay till they are able to provide such functionality.

1.4. Clear and fair contracts

1.4.1. Update on recommendation 4

- We have received a Terms of Reference on Recommendation 4 of the Independent Review into the Electricity & Gas Retail Markets in regards to contract length & discounting.
- We had a broad discussion about each of Recommendations 4A-4C at the previous meeting including their advantages and disadvantages and challenges for implementation.
- A range of stakeholders have suggested producing an issues paper outlining our initial approach to the recommendations which we are currently exploring.
- There will be a number of opportunities for formal consultation throughout the implementation of Recommendation 4.

1.4.2. Discussion of recommendation 4D

What factors should we account for when considering this recommendation?

- The durability of the recommendation to adapt to new retailer models and offer structures.
- Recommendations 4C and 4D directly conflict with one another and may dis-incentivise retailers to offer anything other than the VDO.
- Retailers may circumnavigate limits on discounts by raising prices.

Do these interact with other changes already made?

- The most prominent interaction was with the best offer message that a customer receives on a price change/benefit notification however under clear advice obligations; a customer will still be informed of the availability of a VDO.

Does this recommendation need to be implemented or will it be to detriment of customers? Will this be clarified for offers or other plans in the way it talks about the ending of a contract?

- Our starting position is what we have been provided through the Terms of Reference to implement. The application to offers and other plans is a consideration that needs to be worked through.

Questions/comments from stakeholders

Will the 'other benefits' term be defined given that it may encompass additional small items such as movie tickets but also a large 'bolt-on' product such as a battery?

- There is no definition of 'benefit' included in the code so this practical consideration that we need to consider.

1.4.3. Discussion of recommendation 4E

What factors should we account for when considering this recommendation?

- This recommendation is likely to reference the pay-on-time discount and members questioned whether the Victorian government was reopening its policy on late payment fees.
- The potential harm caused by bills that are above the standing offer with large discounts and where customers may be left if they fail to engage after the implementation of all proposed reforms.
- Following any rule change that is implemented by the Australian Energy Market Commission (AEMC) on ensuring conditional discounts are no higher than the reasonable cost savings that a retailer expects it will make if a consumer satisfies the conditions attached to the discount.
- Recommendation 4E may not have as many ramifications as the other recommendations.
- The effect on consumers who are engaged in the market who may be disadvantaged by the introduction of many reforms for customers who are not severely impacted.
- May be implemented as a price cap or can consider the approach taken by Australian Competition and Consumer Commission (ACCC) where retailers are asked to justify the reasonable costs that are presented.
- Whether the 'costs incurred' term encompassed additional incentive items provided through offers such as movie tickets.
- The definition of 'offer conditions' should be determined by consumer protection agencies opposed to the commission.

Questions/comments from stakeholders

Does the recommendation apply to retail costs or network charges?

- This is a question of what is considered a reasonable cost for the retailer.

1.4.4. Any other business

- There was no other business raised by members.

Appendix A - Agenda

No.	Item	Presenter	Duration
1	Welcome & general update	Aaron Yuen (Chair)	5
2	Victorian Default Offer (VDO)		
	• Update	Dean Wickenton (SRM)	5
	• Consequential code amendments	Aaron Yuen (Chair)	10
3	Bills & marketing		
	• Update	Sugi Sivarajan (PM)	5
	• Victorian energy fact sheet	Members	10
4	Clear & fair contracts		
	• Update	Aaron Yuen (Chair)	5
	• Discussion recommendations 4D and E related to discounts to assist with our approach.	Aaron Yuen (Chair)	20
	• We will discuss the following questions:		
	• What factors should we account for when considering this recommendation:		
	• to achieve positive customer outcomes?		
	• relating to retailer implementation?		
	• Do these interact with other changes already made? If so, how could we take this into account?		
	• What are some other risks we should be aware of?		
5	Other		
	• Any other business	All	10

Attachment: Ensuring contracts are clear and fair (Recommendation 4), Terms of Reference to the Essential Services Commission

Recommendation 4D-E

- | | |
|----|--|
| 4D | Any conditional discount or other benefit offered for paying on-time or on-line billing should be evergreen. Customers should not lose the discount or other benefit when the contract ends. |
| 4E | Costs incurred by customers for failing to meet offer conditions are to be capped and not be higher than the reasonable cost to the retailer. |