

Priorities for compliance and enforcement in energy

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Priorities for compliance and enforcement in energy

The Essential Services Commission's work in energy for 2022-23 will focus on:

- wrongful disconnection of customers
- explicit informed consent
- the payment difficulty framework
- best offer messages
- embedded networks' fees and charges
- distributors' guaranteed service level compensation payments
- ongoing priorities for customers experiencing vulnerability.

We will continue to foster trust in the energy market by promoting and enforcing compliance in these areas, in line with our [compliance and enforcement policy](#). Information about each area is provided in the following sections.

Wrongful disconnections

Electricity and gas are essential services. Consumers should only ever be disconnected by an energy retailer as a last resort. To avoid risk to customers, the commission has created clear rules that energy businesses must follow before they disconnect a residential or small business customer's energy supply. Disconnection because of non-payment should only happen when all other options have been explored with the customer. It cannot be used by a retailer as a debt collection tool.

Explicit informed consent

Retailers must obtain a customer's explicit informed consent to enter into certain transactions. Explicit informed consent is obtained when a business has clearly, fully and adequately told a customer all matters relevant to the customer's agreement to a contract, and the customer clearly agrees to it. We have provided [guidance](#) to industry on this issue, and [audited companies](#) to ensure that information to consumers about the service they are signing up to is appropriately provided.

We have zero tolerance for unethical or fraudulent conduct, and we closely monitor instances where third-party sales agents are involved, especially when we know of past inappropriate work practices.

Payment difficulty framework

Our payment difficulty framework provides Victoria's energy consumers with an entitlement to assistance from their energy retailers when they have difficulty paying their energy bills.

Consumers are entitled to assistance such as instalment plans, additional time to pay, placing payments on hold, and supplying information about government support such as the [utility relief grant scheme](#).

We expect that retailers offer assistance to their customers and reduce the potential for disconnection for non-payment.

Best offer messages

Energy retailers must regularly display information on customers' bills informing them whether or not they are receiving their retailer's best offer. Best offer obligations were introduced in 2019 as part of major reforms intended to help customers navigate the energy retail market. They promote market transparency by keeping customers informed of whether they could access a better offer from their retailer, as well as how much money they could save by switching to a better offer.

We will focus on retailers giving customers best offer information, and information about how customers can access the best offer, and how to access offers from other retailers to help them engage confidently with the energy market. Additional information on the best offer messages project is provided on the commission [website](#).

Embedded networks' fees and charges

Customers may be in an embedded network if they live in an apartment complex, retirement home or caravan park, or are in a small business tenant in a shopping centre.

We will monitor embedded network operators' fees and charges to ensure that they are accurate and do not exceed the maximum set by the [Victorian Default Offer](#) (VDO). The VDO is a price cap on the rates that embedded networks are able to charge their customers. We will proactively monitor whether embedded network operators are circumventing the price cap by way of other fees and charges.

Guaranteed Service Level compensation payments

We will address non-compliance such as delays in making guaranteed service levels (GSL) payments. Distributors are required to compensate consumers when GSLs are not met. GSLs relate to:

- missed or late appointments
- failing to connect new customers

- supply restoration payments where customers experience more than 18 hours of unplanned sustained interruptions per year
- low reliability payments where customers experience more than 8 unplanned sustained interruptions per year, and
- major event day payments where customers experience an unplanned sustained interruption of more than 12 hours during, for example, extreme weather or storm events.

Enduring priorities for customers experiencing vulnerability

We are committed to helping all Victorians who are experiencing vulnerability to access essential services. Regarding the energy sector, our two ongoing priorities are:

- protecting the safety of Victorians affected by family violence
- ensuring that Victorians who rely on energy for life-support equipment are protected.