

20 September 2023

Steve Edwell
Chair
Economic Regulation Authority
Level 4, Albert Facey House
469 Wellington Street
Perth WA 6000

Dear Steve Edwell,

Re: 2023 Review of the Compendium of Gas Customer Licence Obligations – Draft decision

Simply Energy welcomes the opportunity to provide feedback on the draft decision for the 2023 review of the Compendium of Gas Customer Licence Obligations (Compendium).

Simply Energy is a leading energy retailer across Victoria, New South Wales, South Australia, Queensland and Western Australia. Simply Energy is owned by the ENGIE Group, one of the largest independent power producers in the world and a global leader in the transition to a zero-carbon economy. As a leading retailer focused on continual growth and development, Simply Energy supports the development of effective regulation to facilitate competition and positive consumer outcomes in the market.

In this submission, Simply Energy has provided feedback on each of the questions set out in the draft decision, as well as some general comments on implementation timeframes.

Implementation timeframes

While Simply Energy is supportive of most of the Economic Regulation Authority's (ERA) proposed amendments to the Compendium, we are concerned with the ERA's proposal that most of the varied obligations would commence on 1 January 2024.

As the ERA's final decision will not be published until November, retailers will only have around one month to update their processes and customer-facing material to ensure compliance with the amended Compendium. Although the ERA does not mention amendments to standard form contract terms in the draft decision, it appears that at least some of the proposed amendments to the Compendium would necessitate updates to standard form contract terms to reflect the changes.

In our view, it would be appropriate for the ERA to allow a compliance transition period until 1 July 2024 to enable retailers with sufficient time to update their processes and customer-facing material, such as contract terms and hardship policy.

We will separately comment on the timing of family violence obligations in the next section of this submission, but we note that the appropriate implementation timing would be dependent on the extent that the Compendium's requirements are inconsistent with the equivalent obligations in the National Energy Retail Rules and Victorian Energy Retail Code of Practice.

Aligning the Compendium with the Electricity Code

Question 1:

- a) Do you agree with the proposed amendments to align the Compendium with the Electricity Code to provide gas customers with the same protections as electricity customers?
- b) If no, please provide detailed reasons why the Compendium should not be aligned with the Electricity Code.

Protections relating to family violence

Simply Energy supports the introduction of obligations related to assisting customers who have been affected by family violence. Simply Energy operates in the east coast jurisdictions, which already have family violence obligations for electricity and gas customers. Simply Energy has an established family violence policy and processes in line with requirements in other jurisdictions, and already makes this support available to Western Australian gas customers that we identify as affected by family violence.

Although we broadly support the ERA's proposed new obligations, Simply Energy does not support the aspects of the proposed rules that differ to established processes in the east coast jurisdictions. Specifically, we consider it is overly onerous to require that retailers consult and co-develop their family violence policy and training with consumer and/or family violence representatives as a minimum standard. While retailers may engage with these groups to achieve best practice processes and support, we consider this goes beyond well-established minimum requirements in other jurisdictions. Simply Energy urges the ERA to remove these additional obligations from the final Compendium (or to only require these additional processes when directed to so by the ERA following a formal review of the retailer's family violence policy and/or related procedures).

If the proposed consultation requirements were to remain in the final Compendium, this would require Simply Energy to completely refresh and update its established family violence policy, processes, and training. It would be costly and time-consuming to ensure we are compliant with these new requirements. Based on the ERA's final decision date of November 2023, it would not be achievable to review, update, consult and finalise our policy and processes by 1 April 2024. By way of reference, the Australian Energy Market Commission provided retailers with eight months implementation time when it introduced family violence obligations into the National Energy Retail Rules. Based on the additional work involved in complying with the ERA's proposed rules, we consider that a minimum of 10 months would be required to update existing processes and properly engage with consumer representatives and family violence representatives.

Simply Energy also does not support the Compendium setting a specific disconnection moratorium period. As every affected customer has different circumstances and requires tailored support, a specific moratorium timeline will not be well suited to ensuring appropriate support for all affected customers. Our recommendation would be to remove the proposed clause 63 and strengthen the proposed clause 62(2)(g) to better align with the National Energy Retail Rules, which require:¹

Where a customer is an affected customer, a retailer must not arrange for de-energisation of the customer's premises ... unless the retailer has taken into account:

- (a) the potential impact of de-energisation on the affected customer at that time; and*

¹ National Energy Retail Rules version 38, rule 111(2A)

(b) *whether other persons are jointly or severally responsible for the relevant non-payment or action...*

In our view, the above rule requires retailers to continue to assess whether a disconnection would cause harm to an affected customer throughout the time that they remain an affected customer (which could be a period longer than nine months). The above rule also specifically considers forms of financial abuse, such as a perpetrator not contributing to the energy bills opened in the affected customer's name. In addition to the benefits of consistency with other jurisdictions, adopting the above approach would avoid the need for costly system changes (to specifically record and track the nine-month moratorium on a customer account level) that would not be achievable in a short implementation period.

If the ERA intended to retain the disconnection moratorium as drafted, we would appreciate additional guidance on whether the nine-month moratorium would continue to apply if the customer is no longer defined as a 'vulnerable customer' in the Compendium. We do not consider it to be a proportional regulatory requirement to impose a disconnection moratorium on retailers for customers that are no longer affected by family violence.

Variations to standard contracts

Simply Energy is comfortable with the proposed changes to the contract variation clauses.

Billing

Simply Energy is comfortable with the proposed changes to billing provisions. We consider it is appropriate to retain bill delivery protections for customers on standard form contracts while future-proofing the arrangements for other customers.

Payment difficulties and financial hardship

Simply Energy supports payment assistance being made available to all residential customers upon request. Simply Energy already provides its customers with voluntary payment assistance (including payment extensions and payment plans) when they engage with us and request this support.

Simply Energy supports the other amendments proposed in relation to payment difficulties and financial hardship obligations.

Disconnection

Simply Energy is comfortable with the ERA setting a minimum disconnection amount of \$300. Practically, this amendment would not change our existing approach to commencing disconnection processes with customers.

Information and communication

Information to be published on retailers' websites

While Simply Energy is comfortable with publishing the prescribed information on its website, we propose an extended implementation period to ensure that new content can be accurately presented. Based on the ERA's proposed final decision date in November, we anticipate it will be challenging to develop new content and webpages and schedule these for production by 1 January 2024.

Notice of tariff variations to customers

Simply Energy supports the Compendium being amended to require retailers to provide at least five business days' notice of a variation to non-regulated tariffs, fees, or charges. Simply Energy already provides its Western Australian customers with advanced notice of price changes, in line with the minimum requirements in the other jurisdictions in which we operate.

We are pleased that the provisions in clause 51 of the draft Compendium are aligned with the equivalent requirements in the National Energy Retail Rules.

We would, however, recommend that the ERA remove the proposed clause 51(5)(b) as this appears to be an unjustified and irrelevant addition to the Compendium. We are not aware of any gas retailer offering a spot price following retail contract, as has occurred in retail electricity markets. The Western Australian gas wholesale market is primarily comprised of confidential contracts settled directly between parties. The Australian Energy Market Operator does not operate a spot or short-term trading market in Western Australia, with only around 1 to 2 per cent of total Western Australian gas consumption traded on a short-term basis via two small independent trading platforms.² Based on the Western Australian wholesale market structure, we consider it is very unlikely that a gas retailer would offer a retail contract that was priced to vary in line with gas spot prices.

In our view, the exclusion of clause 51(5)(b) can be justified on similar grounds as has been applied by the ERA to propose the removal of prepayment meter clauses in the Compendium. Simply Energy's view is that the Compendium should not include provisions that are irrelevant and unused and do not address a legitimate consumer protection risk.

Reporting

Simply Energy is supportive of the removal of duplicative requirements from the Compendium.

Bill smoothing

Question 2:

- a) Do you agree with the proposal to retain the Compendiums bill smoothing provisions?
- b) If no, please provide reasons for your response.

Simply Energy agrees with the proposal to retain bill smoothing provisions in the Compendium. Based on the information set out in the draft decision, these provisions are currently being utilised and there would be no apparent benefit in removing customers' ability to request a bill smoothing arrangement from their retailer.

² Australian Energy Market Operator 2022, 2022 Western Australia Gas Statement of Opportunities, Section A7.3, December, p. 79. Accessed at; https://aemo.com.au/-/media/files/gas/national_planning_and_forecasting/wa_gsoo/2022/2022-wa-gas-statement-of-opportunities.pdf?la=en

Prepayment meters

Question 3:

- c) Do you agree with the proposal to remove all references to prepayment meters from the Compendium?
- d) If no, please provide reasons for your response.

Simply Energy agrees with the proposal to remove all references to prepayment meters from the Compendium. There is no need to include irrelevant and unused provisions in the Compendium that are not addressing a legitimate consumer protection risk.

Meter readings and customer self-reads

Question 4

- a. Do you agree with the proposal to retain existing clause 4.6(b) of the Compendium to allow a retailer to reissue a bill based on data provided by the customer?
- b. Do you agree with the proposal to align the Compendium with the Electricity Code, to allow bills to be based on energy data provided by distributors or metering agents?

Based on the description in the draft decision, our understanding is that the proposed amendment would only apply when the distributor requests customers to submit meter readings due to an inability of meter readers to attend the premises (due to scenarios such as the stay-at-home orders during the coronavirus pandemic). If the proposed rule is focused on addressing very rare events, we would prefer that the Compendium not be updated and that specific guidance and/or temporary arrangements be introduced at the time that such an event occurred.

Paper billing charges

Question 5:

- a) Should the Compendium be amended to include a clause that prohibits retailers from charging a fee for a paper bill (unless a bill has been previously provided)?
- b) If yes, should the prohibition be applicable only to standard form contracts or both standard and non-standard form contracts?
- c) If a prohibition should be introduced, should it be applicable only to a subset of customers, such as vulnerable customers and those on concessions?
- d) For retailers, what is the impact and cost of these options?

A paper bill fee is intended to recover some of the cost of producing, printing, and posting bills to customers that value a paper bill. If a prohibition on paper bill fees was introduced, we expect that this would incentivise a higher uptake of paper bills and result in increased costs for gas retailers.

Simply Energy does not support a complete prohibition on retailers from charging paper bill fees. In our view, most customers have sufficient capability to engage with electronic bills. If these customers instead value the provision of paper bills, they should pay the cost of that service. However, we recognise that there are specific groups of customers that may experience vulnerability and may be less capable of engaging with electronic bills. Our proposal would be that

any prohibition focus on these customer cohorts, to minimise the costs that are passed through to all gas consumers. In our view, these cohorts are:

- Customers on standard form contracts;
- Customers that have been assessed as a customer experiencing financial hardship; and
- Customers that are eligible to receive concessions.

Applying the prohibition to a subset of customers would broadly align with the ERA's position on bill delivery protections, which provide retailers with the flexibility to decide how they provide bills to their market contract customers.

We are particularly concerned that a complete prohibition on paper bill fees would conflict with our decarbonisation objectives, as well as the Western Australian Climate Policy. Simply Energy would prefer to maintain the flexibility to promote and incentivise most of our customers to choose lower carbon emitting options and interactions.

Providing the basis of an estimate within a timeframe

Question 6:

- a) Should the Compendium be amended to provide that, on request, a retailer must provide the reason and basis for an estimate within a timeframe?
- b) If so, how long should a retailer have to provide the customer with this information?

Simply Energy considers it is a sensible amendment to specify a timeframe for a retailer to respond to a customer's request for the basis and reason for the estimation used for an estimated bill. Instead of five days for a response to a customer, we would recommend that the ERA set this at five business days. This would avoid retailers needing to coordinate responses around weekends and public holidays.

Increasing the minimum time for a shortened billing cycle

Question 7:

- a) Should the Compendium be amended to increase the minimum shortened billing cycle from 10 days?
- b) If yes, what should the minimum number days be?

Simply Energy does not support the minimum shortened billing cycle being increased from 10 business days to 14 business days. The current minimum cycle neatly aligns with the typical Australian fortnightly payroll cycle. An increase to the minimum shortened billing cycle would likely mean that customers would not be able to set their payment dates to occur on a specific date following their fortnightly salary payment.

The problem that this change is seeking to address is not clear to us, as we note that customers can already agree to shortened billing cycles that are longer than 10 business days.

Reducing the maximum billing interval time

Question 8:

- a) Do you agree with the proposal to retain the maximum billing interval at 105 days?
- b) If no, please provide reasons for your response.

Simply Energy supports the proposal to retain the maximum billing interval at 105 days for the reasons set out in the draft decision.

Concluding remarks

Simply Energy welcomes further discussion in relation to this submission. To arrange a discussion or if you have any questions please contact Matthew Giampiccolo, Senior Regulatory Adviser, at matthew.giampiccolo@simplyenergy.com.au.

Yours sincerely



James Barton
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Simply Energy