



Brotherhood
of St Laurence

Working for an Australia free of poverty

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Essential Services Commission
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Submission regarding draft decision on consequential amendments related to the Victorian Default Offer

The Brotherhood of St Laurence welcomes this opportunity to comment on the Victorian Default Offer (VDO) draft decision issued by the Essential Services Commission (ESC). We thank the ESC for the clarifications in the decision and support their intent.

The best offer notice should include the prices of both the VDO and best offer.

From 1 July 2019, bills will display the 'best offer' available to a customer to alert them to potential savings. Either a market offer or a VDO could be considered the best offer for a given customer; however bills will only display whichever one is cheaper.

The best offer notice should display the prices of both the VDO and best market offer, for several reasons. Firstly, it will help promote public awareness of the VDO. Secondly, the best market offer will often include conditional discounts that many customers cannot meet. A customer who knows they cannot access the 'best offer' displayed to them is unlikely to pursue it; however they could access the VDO if they were made aware of it. Thirdly, the VDO is an inherently safer option for customers than a market offer. Retailers will have an incentive to display a cheap market offer on the best offer notice, entice people to sign up to it, and then raise its price, which would not be possible with the VDO. Last, retailers will anyway be obliged to display on bills information about how to access the VDO, and this information will be more effective if it includes a personalised price for the VDO.

We support the requirement for retailers to provide clear advice about the VDO.

The Brotherhood supports the draft decision's proposal that retailers be required in all communication to provide clear advice about the costs and terms of energy offers, including about the VDO. Ideally, this should ensure that customers who unknowingly attempt to apply for expensive offers are redirected to cheaper ones unless there is a compelling feature of the high-priced offer.

We also urge the Commission to enforce this requirement rigorously. This could include requesting call records for customers who signed up for offers that cost more than the VDO, or 'mystery shopping'.

We support the requirement for retailers to alert customers to the VDO.

The draft decision proposes that retailers must make customers aware of the VDO before they sign up to any offer. We support this proposal, which will increase public awareness of the VDO and make it more difficult for retailers to game the clear advice entitlement. We cannot understate the importance of this requirement. The VDO will provide the best option for consumers who are looking for a fair price and a high degree of certainty on price and conditions.

To this end, all retailers should be obliged to inform all customers about the VDO, even if the regulations do not oblige that retailer to offer it to that customer (BSL supports an obligation for all retailers to supply the VDO to all customers, but we note this may not be passed). If the retailer does not offer the VDO, they should provide the contact details of the relevant distributor to enable the consumer to identify the retailer that is obliged to supply them the VDO.

For further information, please contact Damian Sullivan (e: dsullivan@bsl.org.au m: 0405 141 735) or David Bryant (e: dbryant@bsl.org.au ph: 03 9483 2470).

Yours sincerely,

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