

# New energy rules to break debt-disconnection cycle

10 October 2017

## *Electricity and gas*

Victoria's energy regulator is introducing new rules designed to break the debt-disconnection cycle which sees thousands of households cut off from gas or electricity each month.

Essential Services Commission chair Ron Ben-David says the new rules will ensure energy customers get fair and equal access to assistance so they are only ever disconnected as a measure of last resort.

"This is a once in a generation shake up of the energy rules aimed at breaking the debt-disconnection cycle.

"The new rules raise the bar for what energy retailers must do to help customers who are struggling to keep on top of their energy bills," Dr Ben-David said.

"Customers of an essential service are entitled to get help when they're having trouble paying a bill," he said.

The new framework requires energy companies to help customers avoid getting into debt. Where that is not possible, retailers are required to promptly provide customers with help to lower their energy cost and put in place affordable repayment arrangements.

The updated rules establish new minimum standards for assistance including:

- **standard assistance** – available to all Victorians – includes flexible payment options, providing advice about support available from government and community service providers and advice on how to reduce energy costs
- **tailored assistance** – for customers who have missed a bill – requires retailers to work actively with customers to devise affordable payment options, advise on ways to reduce energy use and assistance available. In more severe cases, a customer’s debt will be put on hold for at least six-months while the retailer works with the customer to lower their energy costs.

New **disconnection safeguards** are also being introduced to prevent a customer being disconnected unless a retailer has met all their obligations. Retailers who disconnect a customer wrongfully will have to pay them \$500 per day and may be hit with a \$5000 penalty. The minimum amount of debt at which a customer can be disconnected is also increasing from \$120 to \$300.

The new rules will be enforced through changes to the state’s Energy Retail Code administered by the commission and will come fully into effect on 1 January 2019.

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