



25 March 2020

Ms Sarah McDowell
Director, Energy
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Via: Engage Victoria

Dear Sarah

Re: 'Changing the back-billing rules for retail energy customers' draft decision

CitiPower, Powercor and United Energy welcome the opportunity to comment on the Essential Services Commission's (ESCV) draft decision relating to 'Changing the back-billing rules for retail energy customers'.

As a part of its Energy Fairness Plan, the Victorian government announced that the allowable period an energy retailer should be able to recover undercharged amounts from a customer is four months. Currently it is nine months. The ESCV's draft decision sets out proposed amendments to the Energy Retail Code (ERC) and Electricity Distribution Code (EDC) to implement the government's commitment, and proposes to make equivalent obligations for energy distributors and retailers to ensure customers are not back-billed for more than four months when they are not at fault. The draft decision proposes:

- Retailers can only recover any amount undercharged in the four months before they notify the customer, unless the undercharging was a result of the customer's fault or unlawful act or omission;
- An electricity or gas distributor is not permitted to recover charges from a retailer if the retailer is unable to recover those charges from a customer; and
- Give effect to the proposed code amendments on 1 January 2021.

We support the ESCV draft decision to reduce the back billing period from nine to four months.

We are concerned however, that the drafting of new clause 15A in the EDC, which limits the circumstances when an electricity distributor may recover charges from a retailer, is unclear and requires clarification.

To address this, the following amendments in red to new clause 15A.1.1 are proposed:

15A. Adjustment of network charges

*15A.1.1 A distributor is not permitted to recover charges from a retailer if the retailer is **not permitted** ~~unable~~ to recover those charges from a small customer under the Energy Retail Code, **except in circumstances where the retailer or their Meter Data Provider is at fault.***

Our reasoning for the amendments is that the term "unable" is too broad, and secondly some retailers have better billing and debt recovery practices than others, and distributors should not be penalised due to retailers' deficient internal processes which may result in unrecoverable revenue.

We are happy to further explore and discuss the drafting of new EDC clause 15A.1.1 with the ESCV prior to the final decision.

Should the ESCV have any queries regarding this submission, please contact [redacted] on [redacted] or [redacted]

Yours sincerely,

[redacted]

[redacted]

Head of Regulation
CitiPower, Powercor and United Energy