

## Guideline 2 (2025): Adjustment of Bills

### Purpose

The *Guideline 2 (2025): Adjustment of Bills* sets out the Essential Services Commission's guidance on how a water business may recover an amount undercharged from a customer.<sup>1</sup>

The guideline explains the application of specific elements of clause 6.7 of the Water Industry Standards and sets out the commission's expectations of water businesses on the adjustment of bills for an amount undercharged.

This guideline does not impose any new obligations on a water business and does not alter the obligations in the Water Industry Standards.

### Application of this guideline

The guideline has been published by the commission pursuant to section 13 of the *Essential Services Commission Act 2001*.

### Recovering an undercharged amount from a customer

#### Four-month limit on back-billing

Clause 6.7 of the Water Industry Standards sets out the parameters upon which a water business may recover an amount undercharged from a customer.

Clause 6.7(a)(i) provides a four-month back-billing period. This means a water business may only recover from a customer an amount undercharged, limited to the amount undercharged in the four months prior to the water business notifying the customer that undercharging has occurred. This bill adjustment limit protects customers by providing incentives for water businesses to issue accurate bills.<sup>2</sup>

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<sup>1</sup> Clause 6.7 of the Water Industry Standard – Urban Customer Service and clause 6.6 of the Water Industry Standard – Rural Customer Service.

<sup>2</sup> Clause 6.7(a)(i) of the Water Industry Standard – Urban Customer Service and Clause 6.6(a)(i) of the Water Industry Standard – Rural Customer Service.

A water business' billing cycle must be at least quarterly unless otherwise approved by the commission. Some water businesses have had a billing cycle that is less than quarterly approved by the commission.<sup>3</sup>

### Undercharging – when it occurs

Undercharging includes, but is not limited to:

- underestimated usage
- an incorrect meter reading
- missing charges
- a bill that is issued late
- a bill that is not issued at all.

Common causes for undercharging include meter access issues, delays in establishing an account (including via a conveyancer), instances where bills have been put on hold or cancelled and billing system and process errors.

### Undercharging - what charges it applies to

For a standard residential customer, the most common charges that are subject to the four-month back-billing limit are:

- fixed service (sometimes referred to as network) charges<sup>4</sup>
- water and sewer usage charge
- recycled water charge.<sup>5</sup>

The four-month back-billing limit is not applicable to charges that are billed to customers in Metropolitan Melbourne on behalf of Melbourne Water and the Department of Energy, Environment and Climate Action.<sup>6</sup>

### Illegal usage

The four-month back-billing limit does not apply in the case of a customer's illegal usage.

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<sup>3</sup> Clause 6.1 of the Water Industry Standards – Urban Customer Service.

<sup>4</sup> Service and network charges are an annual charge collected in instalments.

<sup>5</sup> For additional charges that are subject to the four-month back-billing limit, water businesses should refer to their tariff schedules.

<sup>6</sup> The Waterways and Drainage and Parks charges are not subject to a water business's obligations under the Water Industry Standards. Whilst the four-month back-billing limit does not apply to these charges, a water business may recover undercharged amounts for periods longer than four months. In the case where a delayed or incorrect bill contributes to a customer experiencing payment difficulty, a water business may choose to waive these charges, as part of its payment assistance under clause 10 of the Water Industry Standard – Urban Customer Service and clause 9 of the Water Industry Standard – Rural Customer Service.

An example of illegal water usage is a customer tampering with a water meter. A water business may recover an amount undercharged for the duration of the illegal usage.

### **Notifying the customer that undercharging has occurred**

#### **Billing the amount undercharged where there is a bill error or under estimation**

The commission expects that a water business will notify a customer of an amount undercharged by issuing a bill that lists the amount undercharged.<sup>7</sup>

The commission expects that any amount undercharged will be listed in the customer's next bill issued in accordance with the water business's usual billing cycle – at least quarterly, unless otherwise approved in writing by the commission.<sup>8</sup> The amount undercharged that can be recovered by the water business is limited to four months prior to the issue date of the bill that lists the undercharging.

#### **Notifying a customer via letter or email of undercharging where no bill has been sent**

Where a bill is not issued or is delayed past the issue date of the usual billing cycle, a water business may use a letter or email to notify a customer that undercharging has occurred. Where possible, the value of the amount undercharged should be specified. The amount undercharged that can be recovered by a water business is limited to four months prior to the date of that notification.

The notification should include the proactive support measures the water business has in place to help customers manage or avoid payment difficulty.

The commission expects that any letter or email notifying a customer of an amount undercharged will apply to a single billing cycle only.<sup>9</sup> Following notification, the water business should:

1. issue a delayed bill listing the amount undercharged before the next issue date of the usual billing cycle, and resume billing at the next issue date of the usual billing cycle, or
2. issue a consolidated bill at the next issue date of the usual billing cycle.

If a water business is unable to issue a delayed bill or resume billing before the next issue date of the usual billing cycle, affecting multiple customers, we encourage water businesses to notify the commission in writing about this issue, including how it is addressing the delay and customer impacts.

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<sup>7</sup> Clause 6.7(a)(i) and (ii) of the Water Industry Standard – Urban Customer Service and Clause 6.6(a)(i) and (ii) of the Water Industry Standard – Rural Customer Service.

<sup>8</sup> Clause 6.1 of the Water Industry Standard – Urban Customer Service, clause 6.1 Water Industry Standard – Rural Customer Service.

<sup>9</sup> Clause 6.1 of the Water Industry Standard – Urban Customer Service, clause 6.1 Water Industry Standard – Rural Customer Service.