

Energy - customer entitlements



Key facts



New minimum standards of assistance will be available to all energy customers as part of an overhaul of the Victorian energy rules.



The changes will establish minimum standards to ensure all customers have equitable access to assistance, so that disconnection is only ever a measure of last resort.



The changes will update the state's Energy Retail Code, coming into effect on 1 January 2019.

New minimum standards are an entitlement – not a gift

The new framework has a number of key differences from the existing energy rules including:

- Customers will no longer have to prove their eligibility for assistance through intrusive 'capacity to pay assessments'. Every customer will be given assistance when they need it.
- All customers will be entitled to nominate a payment arrangement that works best for them and helps them repay their energy debt in a time frame they can afford.
- The new framework contains two levels of assistance:
 - **standard assistance** is for customers trying to avoid getting into debt when they expect or receive a bill they can't pay on time. Assistance includes flexible payment options such as paying a fixed amount on each bill (sometimes known as 'smoothing') or paying smaller amounts more frequently (e.g. monthly or fortnightly billing). Retailers will need to make payment options readily available online or over the phone. Standard assistance will be available to every Victorian household at any time.
 - **tailored assistance** is designed for customers who have missed paying a bill on time and are therefore in debt to their energy retailer. If the customer hasn't contacted the retailer about their payment difficulty, the retailer must contact the customer within 21 days. If the customer is still unable to pay their bill, the retailer must tell them about the assistance now available to them. Retailers must work with customers to devise a payment arrangement the



customer can afford. Retailers must also help customers find ways to lower the cost of their ongoing energy use and advise them of other types of assistance available from government and community sources (including financial grants or concession payments).

- For customers who can't afford to pay for the energy they use, let alone any debt they have accumulated, retailers will be required to put the customer's debt on hold for at least six months. This will give the customer 'breathing space' during which the retailer will work with them to help lower the cost of their energy including helping them reduce how much they use and putting them on a tariff most likely to minimise their bills.

The focus of tailored assistance is getting retailers and customers to work together.

Customers are expected to take reasonable action towards paying whatever amount they have agreed, and working towards lowering their energy use (where possible). While retailers are required to be flexible, they're not expected to continue extending payment arrangements where a customer is also not taking reasonable action.

In addition to the types of help now available, the new rules now contain additional customer protections from disconnection. We call these ***disconnection safeguards***.

- **Disconnection safeguards** are new requirements preventing a retailer from disconnecting a customer *unless* the retailer has met *all* their obligations to the customer. This includes providing clear and timely advice about the customer's entitlement to assistance, issuing clear and timely reminder and disconnection warning notices, using their best endeavours to contact the customer, providing assistance when it is needed, and working cooperatively with the Energy and Water Ombudsman of Victoria if a dispute arises. Additionally, the minimum amount for which a customer can be disconnected is being increased from \$120 to \$300.
- Before disconnecting a customer, retailers will also need to demonstrate that they have acted fairly and reasonably towards the customer, taken the customer's circumstances into account when assisting them, and that the customer has failed to take reasonable steps towards working with the retailer.
- If a retailer fails to follow these rules in full before disconnecting a customer, the disconnection will be deemed to be 'wrongful'. When that happens, the retailer will need to pay the disconnected customer \$500 per day of disconnection and the commission may also impose a \$5000 penalty on the retailer.

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