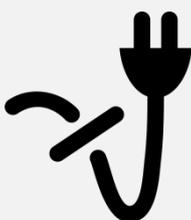


Payment difficulty framework



New energy rules to better protect electricity and gas customers



New energy rules are being introduced to help **prevent customers getting into debt** to their energy company and being disconnected.

Latest figures show **disconnections remain high** with more than 13,500 Victorian households disconnected for non-payment between April and June this year.

Energy retailers have until **1 January 2019** to upgrade their systems and policies to comply with the new rules.

Preventing debt and disconnection: the key to new framework

The Essential Services Commission will introduce new rules to help households avoid getting into debt (where possible) with their energy companies and being disconnected.

The new payment difficulty framework is the culmination of three years of work which began with an inquiry into why thousands of Victorians were being disconnected by their energy companies.

The new framework has three objectives:

1. To help customers to avoid getting into debt with their retailer.
2. To make it easier for customers to pay for their on-going energy use, repay their debt when they have missed a bill and lower their energy costs.
3. To ensure residential customers are only disconnected for non-payment of a bill as a measure of last resort.

The new framework is embedded in changes to the Energy Retail Code which establishes new minimum standards for how energy companies treat customers who are in or might be facing payment difficulties.



Existing rules failing to prevent rising debt levels and disconnections

- Our 2016 hardship inquiry found how customers were treated varied greatly; their experience was inconsistent and unpredictable. Often, assistance was only available after a customer had accumulated significant debt and had little hope of extricating themselves from that debt.
- Although disconnection rates declined during our hardship inquiry, they have increased steadily over the last 12 months.
- The inquiry provided the impetus for a complete overhaul of the energy rules and also prompted the Victorian Government to give the commission additional powers to *promote protections for customers, including assisting customers who are facing payment difficulty*.
- Over the past 18 months, the commission has been working with retailers and consumer groups to design a new framework requiring energy customers to be given equitable access to assistance, such that disconnection is only ever a measure of last resort.

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 entitled to receive 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 updated rules establish new minimum standards for assistance including:
 - **standard assistance** – available to all Victorians – includes flexible payment options to help customers manage their bills and avoid getting into debt
 - **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.

For more detail on the new standards, see our customer entitlements fact sheet at www.esc.vic.gov.au/paymentdifficulties



Supporting resources

The commission's *Payment difficulty framework: final decision* and supporting documents including consultants' reports and the *Hardship inquiry* reports are available at:

www.esc.vic.gov.au/paymentdifficulties or email paymentdifficulties@esc.vic.gov.au for a copy.

Contact us

Call us on + 61 3 9032 1300 or 1300 664 969 during business hours or complete the online enquiry form: www.esc.vic.gov.au/contact-us.

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