

Supporting energy customers through the coronavirus pandemic

Draft decision

30 June 2020

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Executive summary

The coronavirus pandemic has caused significant health and economic impacts across the Victorian community. Many residential and businesses customers are experiencing financial distress and uncertainty, and the broader impact of the pandemic will not be known for some time.

We have been closely monitoring practices of energy businesses at this time, as well as following new measures being introduced at both a government and industry level to support customers affected by the pandemic. This draft decision summarises these support measures and sets out early insights of residential and small business customer experiences at this time. These insights are based on data we are collecting from energy businesses and conversations we are having with industry and community stakeholders.

In line with our objectives to promote the long-term interests of Victorian consumers, including protections for customers who are facing payment difficulty, we consider it important to act where there are gaps in protections for customers across the market, to ensure that customers are appropriately supported in managing their energy bills at this time. We consider the long-term interests of consumers include energy retailers and small business customers recognising they share a common interest in working together, to ensure business continuity and facilitate the resumption of normal trading activities at the end of the coronavirus pandemic during a reasonable recovery period.

Based on the evidence available so far, we consider there are certain areas where targeted reforms could be introduced to ensure consistent minimum standards for customers experiencing financial difficulties and support customers in managing their energy bills through the pandemic, particularly as restrictions are easing and businesses are starting to open. We are proposing to:

- publish a guideline setting out how retailers must support customers applying for utility relief grants
- make a temporary rule change requiring retailers to proactively offer tariff checks to all customers receiving tailored assistance
- introduce temporary minimum standards for entitlements that retailers must provide to small businesses in financial stress.

This is an initial package of reforms which we propose will last for six months from commencement (other than the utility relief grant guideline which will be enduring). However, the commission will have discretion to extend this timeframe if required – for example, if government-enforced shutdowns are still in effect and significantly impacting the operation of small businesses. We are interested in stakeholder views on these proposals, including any potential implementation issues,

and whether there are other short or medium-term reforms we could consider to support customers affected by the pandemic.

We are also seeking stakeholder views on the voluntary package of support being provided by electricity and gas distributors in the form of network charge deferrals and waivers. The Australian Energy Market Commission is currently consulting on the Australian Energy Regulator's rule change request regarding the deferral of payment of network charges by retailers.¹ As this proposed rule change would not apply in Victoria, we are considering the most appropriate course of action. We welcome stakeholder input into our considerations on whether a similar deferral of network charges would be appropriate in Victoria.

Our draft decisions

Draft decision 1: Supporting customers to complete and lodge utility relief grant applications

Retailers are required to support residential customers in completing utility relief grant application forms, including by submitting forms online on behalf of the customer where possible and the customer consents. We propose that this will be an ongoing requirement.

Draft decision 2: Extending tariff check entitlement to all customers receiving tailored assistance

Retailers are required to conduct a tariff check for all residential customers receiving tailored assistance, not just those who cannot afford the ongoing cost of their energy. We propose that this is a temporary requirement that would be in effect for six months from commencement of the rules for retailers.

Draft decision 3: Payment flexibility for small businesses anticipating financial stress

Small businesses will have a minimum entitlement to assistance that helps them avoid getting into arrears with their energy retailer. We propose that this is a temporary requirement that would be in effect for six months from commencement of the rules for retailers.

Draft decision 4: Payment assistance for small businesses that miss a pay-by-date

Small businesses will have a minimum entitlement to assistance that makes it easier for them to pay for the on-going energy use, repay their arrears and lower their energy costs. We propose that

¹ Australian Energy Market Commission, [Consultation paper: national electricity amendment \(deferral of network charges\) rule 2020](#), May 2020.

this is a temporary requirement that would be in effect for six months from commencement of the rules for retailers.

Additionally, it should be noted that as per the current requirements of the Energy Retail Code, small businesses adhering to a payment plan will not be able to be disconnected for non-payment.

Questions for stakeholders

Question 1

Are there other measures you think we should be considering to ensure consistent protections for residential customers experiencing financial stress as a result of the pandemic, either in the short or medium term? If yes, please provide details.

Question 2

Are there other measures you think we should be considering to ensure consistent protections for small business customers experiencing financial stress as a result of the pandemic, either in the short or medium term? If yes, please provide details.

Question 3

We are proposing that if a small business misses a bill pay-by-date, it will be entitled to repayment of arrears over not more than two years by payments at regular intervals of up to one month. Do you think that two years is an appropriate length of time for small business customers to be asked to repay their arrears? If not, please provide details about what alternative would be appropriate.

Question 4

We are proposing a temporary entitlement to payment assistance for any small business that misses a bill pay-by-date. Do you think it would be practical or appropriate to restrict eligibility for payment assistance to small businesses that meet a set of criteria for financial stress? If yes, please provide details about what criteria would be appropriate.

Question 5

Do you think the current network relief package to retailers has worked the way it was intended? Please provide details to explain your answer.

Question 6

Do you think anything further should be put in place in Victoria after the initial network relief package to retailers ends, for example a deferral of network charges similar to the rule change that the Australian Energy Market Commission is currently consulting on? If yes, please provide details.

Timeline for implementation

We are mindful that residential and small business customers are already being adversely affected by the pandemic. To support customers through the pandemic, particularly as restrictions ease and businesses start to open, we consider it important that the reforms we have identified are implemented as soon as possible.

With that in mind, the commission is undertaking an expedited process so a decision can be made as soon as possible. The key dates relating to this draft decision are as follows:

- 30 June 2020 – draft decision on measures to support energy customers through the coronavirus pandemic
- Between 6 and 8 July 2020 – stakeholder workshops (via Zoom) to seek feedback on the draft decision
- 14 July 2020 – submissions to draft decision close
- Late August 2020 – final decision released
- 1 October 2020 – amendments to the Energy Retail Code and new guideline come into effect.

How to give us your feedback

We are seeking feedback on our draft decision. We will be holding three workshops, one for each of the topics covered in this draft decision, to discuss our proposals and questions with stakeholders. These will be held via Zoom on the following dates:

- 6 July 2-3pm – to discuss small business proposals (chapter 3)
- 7 July 3-4pm – to discuss residential customer proposals (chapter 2)
- 8 July 3.30-4.30pm – to discuss network relief (chapter 4).

We will email stakeholders with details of how to register for these workshops. If you are interested in attending and do not receive an email, please email energyreform@esc.vic.gov.au.

Stakeholders also welcome to provide a written submission. Submissions should be made via [Engage Victoria](#) by 5pm on 14 July 2020.

Submissions will be published on the commission's website, except for any information that is commercially sensitive or confidential. Submissions should clearly identify which information is sensitive or confidential.

We are also open to individual calls with stakeholders to discuss specific feedback. If you have any questions or would like to arrange a meeting, please contact us on the above email address.

1. Introduction

Energy businesses are providers of essential services and are critical for ensuring the Victorian community can continue to function during and after this pandemic. As the regulator, our objectives are to promote the long-term interests of Victorian consumers and promote protections for customers, including in relation to customers who are facing payment difficulty.²

We therefore consider it important to set out our minimum expectations of energy retailers and distributors in supporting residential and small business customers through the pandemic, and act where we consider there are gaps in protections for customers across the market to ensure that customers are appropriately supported in managing their energy bills at this time. We are mindful of the importance of the resilience of the energy retail market as part of the recovery of the economy.

Our regulatory framework

Our regulatory framework sets out minimum customer protections that all retailers must provide. In particular, the payment difficulty framework, introduced on 1 January 2019, ensures that all residential customers who are in or anticipating payment difficulty are entitled to a minimum level of support, regardless of their retailer. The framework does allow some flexibility for retailers to tailor support to a customer's individual circumstances and does not prevent retailers from providing additional support as may be appropriate to individual customers.

The payment difficulty framework contains three levels of assistance:

- Standard assistance for residential customers who are anticipating payment difficulty and need support in staying on top of their bills. Retailers must offer at least three of these options:
 - allowing a customer to pay smaller amounts more often
 - changing how often the customer pays
 - delaying payment of a bill (at least once per year)
 - paying in advance when the customer has the ability.
- Tailored assistance for residential customers who miss a bill due date but can still afford their ongoing energy usage. Retailers must:

² See appendix E for more information on the role of the commission.

- work with the customer to establish a payment arrangement to pay off the customer’s bills over a period of up to two years
 - provide information on the customer’s energy use and how to lower it
 - provide advice on other assistance that the customer may be eligible for (including utility relief grants and energy concessions).
- Tailored assistance for residential customers who miss a bill due date and cannot afford their ongoing energy usage. This support includes:
 - a pause on the customer’s debt payments for six months
 - allowing the customer to pay less than the full cost of their energy use (this may be added to the amount they owe later)
 - providing information on the customer’s energy use and how to lower it
 - advice on other assistance (including utility relief grants and energy concessions)
 - the best price that works for the customer (e.g. the best offer)
 - practical help to reduce the customer’s energy bills (for example, using energy efficiency products).

The Energy Retail Code also contains a series of requirements relating to disconnections for both residential and small business customers. These set out steps that retailers must take before initiating a disconnection, and circumstances under which disconnections cannot be initiated.

Addressing our statutory objectives

When considering any regulatory change, we have regard to our objectives to promote the long-term interests of Victorian consumers.

The Essential Services Commission Act 2001 sets out the commission’s overarching objective to promote the long-term interests of Victorian consumers, having regard to the price, quality and reliability of essential services.³ The commission is also guided by objectives under section 10 of the Electricity Industry Act 2000 and section 18 of the Gas Industry Act 2001 to promote the protections for customers, including in relation to customers who are facing payment difficulty.

We know many Victorian residential and small business customers are likely to experience vulnerability because of the coronavirus pandemic, including payment difficulties. Therefore,

³ Section 8 Essential Services Commission Act 2001.

consistent with our legislative objective, our draft decision is proposing a set of measures focused on assisting customers experiencing payment difficulties as a result of the coronavirus pandemic.⁴

In designing these potential measures, we have had regard to other statutory objectives, including the financial viability of the retail energy market and promoting full retail competition.⁵ We consider our measures are consistent with these objectives, particularly in their efforts to promote regular customer bill payments to retailers.

We consider that additional protections are required for customers, at least in the short-term, particularly to assist residential and small business customers facing payment difficulties at this time. However, we are also mindful of continuing to promote competition in the energy retail market while providing for these measures to assist customers.

We have also considered some long-term measures that will address the immediate and future needs of customers, particularly in helping low income and vulnerable customers access government grants to support the payment of energy bills.

Additional support measures

Since the start of the coronavirus pandemic there have been developments at a federal, state and sector level to support both residential customers and businesses who have been adversely affected. Below we outline some of the key features of these measures as they relate to the energy sector.

Victorian and federal government support

The federal government has developed an economic support package of \$259 billion including JobKeeper and increased JobSeeker payments to try and keep Australians in work and support those who are out of work during the pandemic.⁶ This may be supporting some customers in continuing to pay their energy bills in the short term.

The Victorian Government has committed to a \$3.7 million package of support targeted at Victorians struggling to pay their energy bills as a result of coronavirus.⁷ This package includes:

- recruiting and training new financial counsellors

⁴ Section 10(c) Electricity Industry Act 2000 and section 18(c) Gas Industry Act 2001.

⁵ Section 8A(1)(b) Essential Services Commission Act 2001, Section 10(b) Electricity Industry Act 2000 and section 18(b) Gas Industry Act 2001.

⁶ Treasury (Australian Government), [Economic response to the coronavirus](#), accessed June 2020.

⁷ The Hon Lily D'Ambrosio MP, [Targeted support for Victorians struggling with energy bills](#), May 2020.

- training over 1,100 frontline community workers to give targeted advice on dealing with energy bills
- launching a new energy brokerage program to help 3,000 households at risk of payment difficulty get the best value energy deal, and
- ensuring Victorians are aware of their rights under the existing payment difficulty framework.

Additionally, the Victorian Government has developed a \$500 million Business Support Fund to help small businesses affected by the coronavirus pandemic, which includes one-off grants of \$10,000.⁸ These grants can be used to meet on-going business costs, including utilities, salaries and rent. The Victorian Government has also introduced temporary laws to protect Victorian tenants, landlords and the rental market, including a moratorium on evictions, with an additional \$500 million package to provide rent relief for tenants affected by the pandemic.⁹

National Cabinet – national principles for hardship support across essential services

During this time, a National Cabinet comprising of the Australian Prime Minister and all state and territory Premiers and Chief Ministers was formed to consider issues relating to the pandemic. In April 2020, the National Cabinet agreed to a nationally consistent approach to hardship support across essential services (including energy) for households and small businesses.¹⁰ These principles are aimed at ensuring an appropriate safety net is in place for those experiencing financial stress. They include:

- offering flexible payment options to all households and small businesses in financial stress
- not disconnecting or restricting supply to those in financial stress
- deferring debt recovery proceedings and credit default listings
- waiving late payment fees and interest charges on debt
- minimising planned outages for critical works and providing as much notice as possible to assist households and businesses during any outage.

Industry support

Energy businesses in Victoria have also responded to the pandemic with a variety of measures to support customers, some of which voluntarily go further than current regulatory framework requirements.

⁸ Victorian Government, [Business support fund](#), accessed May 2020.

⁹ The Hon Jill Hennessy MP, Attorney-General, [Temporary emergency measures to manage coronavirus crisis](#), April 2020.

¹⁰ The Hon Scott Morrison MP, [Update on coronavirus measures](#), April 2020.

Energy Networks Australia (the national industry body of electricity transmission and distribution and gas distribution networks) has published an electricity and gas network relief package to support retailers with residential and small business customers facing financial stress during the coronavirus pandemic.¹¹ This includes:

- deferring or rebating network charges for customers between 1 April and 30 June 2020, depending on certain criteria
- supporting retailers in not disconnecting any residential or small business customer who may be in financial stress, without their agreement, before 31 July 2020 and potentially beyond.

In implementing the network relief package in Victoria, electricity distributors have committed to waive – rather than defer – network charges for certain residential customers of small retailers and for small business customers until 30 June 2020, and to defer payment of 20 per cent of residential network charges for all small retailers¹² until September 2020.

Electricity and gas retailers have also been taking steps to support customers affected by the pandemic. Through our engagement with retailers, we understand that several are going beyond the requirements of the regulatory framework, particularly in providing payment difficulty support to small businesses. These practices are discussed further in chapters two and three.

The Australian Competition and Consumer Commission has granted conditional interim authorisation to allow the Australian Energy Council and wholesale and retail energy businesses to co-operate, to provide financial relief to residential and business customers who may be financially affected by the pandemic. We understand that discussions between the Australian Energy Council and some energy businesses are underway to discuss the form that this relief could take.

We also note that energy businesses operating in other jurisdictions are being guided by the Australian Energy Regulator's statement of expectations.¹³ One of the principles outlined includes offering all residential and small business customers who indicate they may be in financial stress a payment plan or hardship arrangement. Another principle includes not disconnecting any residential or small business customer who may be in financial stress without their agreement before 31 July 2020, and potentially beyond.

¹¹ Energy Networks Australia, [COVID-19 electricity and gas network relief package](#), April 2020.

¹² For the purposes of this package, small retailers include 1st Energy, Alinta Energy, Blue NRG, Click Energy, CovaU, Diamond Energy, Dodo Power & Gas, Elysian Energy, Energy Locals, GloBird Energy, Next Business Energy, People Energy, Powerclub, Powershop, QEnergy, Sumo and Tango Energy.

¹³ Australian Energy Regulator, [AER Statement of Expectations of energy businesses: Protecting consumers and the energy market during COVID-19](#), March 2020.

This draft decision

We have been taking steps to understand how the sector is responding to support customers during the pandemic, and what customers are experiencing at this time. We have:

- launched a campaign to inform residential customers about the support energy retailers must offer and the safety net for Victorians who are facing payment difficulties¹⁴
- co-ordinated with the Australian Energy Regulator to develop a request of regular reporting by regulated businesses including information on customers in payment difficulty, payment plans, disconnections, and credit collection so we can monitor how customers are being supported during this time¹⁵
- received voluntary data provided by 24 energy retailers to further understand the financial effect of the pandemic on energy customers in their ability to pay energy bills
- held roundtables with industry¹⁶ and community organisations¹⁷ and individual meetings with retailers and other stakeholders to understand how the pandemic is affecting customers and the energy sector, and where targeted reforms may be required
- written to energy businesses reminding them of their obligations under the existing regulatory framework, including relating to disconnections¹⁸
- focused the commission's annual energy audit program on how retailers are meeting their obligations to support customers who are having problems paying their bills or experiencing family violence.¹⁹

We will publish more detailed information on the impact of the pandemic on customers and retailer practices in our upcoming Victorian Energy Market Report.

We appreciate the voluntary measures that retailers and distribution businesses have taken to support their customers during the pandemic. Based on data we have observed so far, we have

¹⁴ Essential Services Commission, [Safety net for Victorians suffering energy bill stress](#), March 2020.

¹⁵ Essential Services Commission, [Energy watchdogs ramp up monitoring to protect customers](#), April 2020.

¹⁶ Essential Services Commission, [Energy industry roundtable](#), April 2020, [Energy industry representatives share insights at second roundtable](#), June 2020

¹⁷ Essential Services Commission, [Regulator told full economic impact of coronavirus on households still to come](#), April 2020.

Essential Services Commission, [Disconnections, the 'newly vulnerable' and long-term debt emerge as priority issues at roundtable](#), April 2020.

Essential Services Commission, [Community sector shares insights at third roundtable](#), May 2020.

¹⁸ Essential Services Commission, [Coronavirus update](#), April 2020.

¹⁹ Essential Services Commission, [Regulator keeps watch on energy retailers](#), April 2020.

identified some short-term, targeted regulatory interventions to ensure consistent customer protections across the market for those in financial stress.

We acknowledge that the impacts on the sector will evolve as the pandemic progresses. We intend to continue monitoring the market to understand what customers and regulated businesses are experiencing. We will consider making further targeted interventions if the data justifies doing so.

We welcome stakeholder views on whether there are additional short-term measures we should be considering, and also on any medium or longer-term regulatory changes that may support customers and the market, particularly once government assistance ends.

2. Supporting residential customers

From 1 October 2020, we propose that retailers must:

- support customers in applying for utility relief grants, including by completing application forms over the phone and submitting them online where possible and with the customer's consent – this would be an ongoing requirement
- conduct a tariff check for all customers receiving tailored assistance, not just those who cannot afford the ongoing cost of their energy – this would be a temporary requirement in effect for six months from commencement of the new rules for retailers, unless extended by the commission.

In addition to views on our proposals, we are also interested in stakeholder views on other measures we should consider to ensure consistent protections for residential customers experiencing financial stress as a result of the pandemic, either in the short or medium term.

Impacts of the pandemic on residential customers

Residential customers will likely have seen their energy bills increase, partly as a result of the lockdown measures (energy consumption will likely have increased with customers spending more time at home) and partly due to usual seasonal variations in consumption (as it gets colder, customers generally turn their heating on more).

Energy Networks Australia compared electricity consumption data pre and post lockdown (for the weeks of 1-7 March and 22-28 March) for one distribution area and found residential demand was 14 per cent higher post lockdown.²⁰

As a result of the pandemic we are also likely to see customers experiencing new and/or exacerbated vulnerabilities. Financial vulnerability is one subset of this. Customers who were receiving payment difficulty assistance from their retailer before the pandemic may have their situation exacerbated. A new cohort of vulnerable customers is also likely to emerge that require assistance from their energy retailers, such as Victorians who have found themselves out of work.

²⁰ Energy Networks Australia, [Commercial down v residential up: COVID-19's electricity impact](#), April 2020.

Data on energy customers during the pandemic

Based on data received from 21 energy retailers²¹, we have observed the following up to 31 May 2020:

- **Disconnections for non-payment have largely stopped.** There were 21 requests for disconnection of electricity and 103 requests for disconnection of gas in May (from 27 April to 31 May). Despite this, over the same period there were no reported completed electricity disconnections for non-payment and one reported completed gas disconnection for non-payment.²²
- **Increasing number of customers enquiring about assistance.** Data we are receiving from retailers shows that the number of residential customers enquiring about assistance or payment plans has increased from April to May 2020. Weekly residential customer calls seeking assistance averaged 12,559 in May, up from 8,622 in April.
- **Missed bills reducing in May but average arrears starting to increase.** The number of residential electricity and gas customers not paying their bill by the due date decreased from April to May 2020, though customers' average arrears increased slightly. The lag in customer data may be attributable to quarterly rather than monthly bill cycles for electricity and bi-monthly billing for gas, so not all residential customers will have received an energy bill yet since the start of the pandemic.

The data does not yet show any notable increase in the number of customers receiving tailored assistance. However, we understand from discussions with retailers that this may partially be due to customers receiving short-term payment deferrals of their recent energy bills. Based on these discussions, as well as observations from community organisations, we do expect that the number of customers receiving tailored assistance is likely to increase, particularly when government assistance ends.

Customers may also be more likely to experience other forms of vulnerability as well, or have existing vulnerabilities exacerbated. This includes a greater risk of family violence occurring as more Victorians have been spending time at home. There is also a risk that customers who struggle to communicate and/or have low levels of digital literacy may be adversely affected by the increase in call volumes retailers are seeing.

²¹ See appendix C for more information.

²² Disconnection requests are reported by distributors and can include requests other than those for non-payment.

In our discussions, community organisations have reported mixed experiences as to customer contact levels pre and post pandemic. Many organisations initially saw a reduction in customers contacting them, including family violence organisations who raised concerns that customers needing their services may not be aware that they were still operating or able to safely access services due to lockdown measures.

Some organisations have reported an increase in requests for support, for example there have been increased calls to the National Debt Helpline since the start of the pandemic. Several community organisations have also noted an increase in customers who are not eligible for federal government assistance seeking support, such as refugees, students, and temporary migrants. Community organisations across the board are concerned about the customer impact when government assistance ends and are expecting to see a surge in customers seeking assistance from them at that time.

Data we have received from retailers shows that calls to retailers' general enquiry lines from customers seeking assistance were high in March, dipped in April and increased again in May. We understand that the initial spike in calls was particularly driven by an increase in small businesses contacting retailers to understand what assistance was available to them.

These issues are likely to evolve as we progress through the pandemic. For example, as noted by community organisations, customers may face new financial pressures as and when government assistance is reduced or removed.

Measures to support residential customers

We have been engaging with energy businesses, including via a data request and pulse check survey, to understand how they are supporting customers at this time.

Most retailers have not made any formal changes to their existing payment difficulty or family violence policies. However, some have changed their practices or processes in response to the pandemic, for example by:

- providing specific information about assistance available to customers affected by the pandemic on the retailer's website and/or in customer communications
- increasing resourcing for hardship teams and/or conducting refresher training for staff on payment difficulty and family violence policies
- suspending disconnections for non-payment and referring customer debt to credit collection agencies
- extending payment difficulty support to small businesses (discussed further in chapter three).

Supporting residential customers

Disconnections for non-payment have largely stopped because of voluntary commitments by retailers and distribution businesses. A few retailers are still raising some disconnection requests, but we understand these are generally not being actioned by distributors.

We have considered the evidence we have to date on residential customer experiences and measures energy businesses are taking to support customers. We acknowledge the increased pressure these businesses have been under as a result of the pandemic, including in moving large parts of operations to home working and supporting customers during unprecedented circumstances. We recognise the role that voluntary actions can play at a time like this and are supportive of businesses continuing to deliver these.

However, we consider that some short-term and long-term measures would address the immediate and future needs of residential customers, particularly low income and vulnerable customers. Our proposals relate to:

- ongoing reforms to support eligible customers to access utility relief grants
- short-term reforms to extend entitlements to ‘tariff checks’ to all residential customers receiving tailored assistance from their retailer.

We discuss these areas in the sections below and outline our proposals. We consider our proposals align with our statutory objectives to promote the long-term interests of Victorian consumers²³ and to promote protections for customers, particularly to assist customers who are facing payment difficulty²⁴, and with the Victorian Government’s policy commitments through the National Cabinet. We also consider that there are benefits to both customers and retailers, by better enabling customers to keep paying their energy bills.

We welcome stakeholder views on the costs and benefits of our proposals, and any implementation issues. We are also interested in whether stakeholders think there is evidence to suggest additional areas we could consider focusing on.

Question 1

Are there other measures you think we should be considering to ensure consistent protections for residential customers experiencing financial stress as a result of the pandemic, either in the short or medium term? If yes, please provide details.

²³ Section 8, Essential Services Commission Act 2001.

²⁴ Section 10(c), Electricity Industry Act 2000 and section 18(c), Gas Industry Act 2001.

Supporting customer access to utility relief grants

The Utility Relief Grant Scheme provides help to customers to pay a mains electricity, gas or water bill that is overdue due to a temporary financial crisis. Eligible customers can apply for a grant through their retailer, who will lodge an application with the Department of Health and Human Services (DHHS). If a grant is approved, it is paid directly to the retailer who will credit that amount to the customer's account.

Community organisations have raised concerns with certain aspects of the operation of the Utility Relief Grant Scheme, including the process by which applications are completed and submitted to DHHS. While these issues pre-dated the start of the pandemic, community organisations noted that they will likely be exacerbated by the current situation, as an increasing number of Victorians seek financial support.

We do not play a direct role in the operation of the Utility Relief Grant Scheme. However, our payment difficulty framework sets out the requirement for retailers to provide advice about any assistance (including utility relief grants) available to help a customer meet their energy costs as part of tailored assistance.

If a retailer considers a customer may be eligible for a utility relief grant, it can generate an application form that must be completed and submitted to DHHS for assessment. Retailers are paid a fee for each application form they generate. To complete this form, customer information required includes basic personal information and contact details, the reason for applying, concession card details (if applicable) and income and housing information. If a customer is applying for a utility relief grant due to family violence, or does not hold a concession card, they must also provide supporting information.²⁵

The utility relief grant application form can be completed and lodged either online or by post. We understand that some retailers work with customers over the phone to complete the form online and lodge it straight away, while others mail the form (either an electronic or paper copy) to customers to complete on their own or with third party support such as from financial counsellors.

Community organisations have raised concerns about retailers taking the latter approach. We have been advised that many customers are unable to successfully complete the application form and submit it to DHHS. They may struggle with literacy, understanding what is needed to complete the form, or be overwhelmed so fail to complete and post the form to DHHS.

²⁵ In the case of family violence, this could be a statutory declaration, document issued by a court, support service or health practitioner or a referral from a community organisation. In the case of financial hardship, this should be a bank statement, recent payslips or letter from an employer.

Completing and lodging the form online is the quickest way for an application to be processed – submitting applications by post adds time to the application process. From a customer perspective, it is easier for their retailer to complete the application over the phone with them, as opposed to being mailed the form, which puts the onus on the customer to complete the application themselves or else seek any support required.

We understand that community organisations and financial counsellors can find themselves providing support to customers in completing utility relief grant applications that could have been provided by retailers, particularly where customers may have distinct communication needs such as the need for a translator. This places more pressure on the limited resources of such organisations.

Retailers are well positioned to support customers in completing application forms. Customers who are applying for a utility relief grant should already be receiving tailored assistance. Retailers are therefore likely to already have some of the information required to complete the form. As retailers work across their customer base to complete application forms, they should also develop expertise in the level and type of information required by DHHS to assess an application and so increase the chances of the application being successfully processed in a timely manner, compared to if a customer completed it themselves.

We understand that if supporting documentation is required (i.e. for applicants who do not hold a concession card), it may not be possible for a retailer to complete the whole application over the phone with a customer and submit the form online on the customer's behalf at that time. However, retailers are still able to complete the majority of the application over the phone with a customer and provide clear instructions as to what the customer needs to do to complete the application themselves.

We note a contrast in practices and outcomes between the energy and water sectors. We understand it is more common practice for water businesses to complete utility relief grant applications over the phone with customers. Table 1 shows that in the 2018-19 financial year a much higher proportion of water applications that were given to customers ended up being submitted to the DHHS than for electricity or gas (66 per cent for water, compared to 43 and 44 per cent for electricity and gas respectively).

| | Customers given applications by retailer | Applications received by DHHS | Applications approved | Percentage of applications received by DHHS | Percentage of applications approved |
|-------------|--|-------------------------------|-----------------------|---|-------------------------------------|
| Electricity | 48,813 | 20,822 | 16,530 | 43 per cent | 79 per cent |
| Gas | 36,521 | 15,930 | 12,578 | 44 per cent | 79 per cent |
| Water | 13,471 | 8,876 | 7,379 | 66 per cent | 83 per cent |

Table 1 Utility relief grant applications 2018-19. Source: DHHS.

Our proposal

Ensuring eligible customers can access support such as utility relief grants is more important than ever at this time. Retailers have an existing obligation to provide specific advice about any government and non-government assistance, including utility relief grants and energy concessions, available to help a customer meet their energy costs as part of the provision of tailored assistance. While this obligation relates specifically to customers receiving tailored assistance, we would also expect retailers to be making other customers who may be eligible for utility relief grants or concessions aware that this support is available.

It is in retailers' interests to support customers to complete and submit utility relief grant application forms. If the grant is approved, customers can receive up to \$650 per fuel every two years which reduces their debt. This is beneficial to both the customer and the retailer. We consider energy retailers should be doing more to support customers in this process.

We are therefore proposing to issue a guideline under section 44 of the Electricity Industry Act and section 48H of the Gas Industry Act that will require retailers to complete utility relief grant application forms over the phone with a customer and lodge the form online where possible and the customer consents to this.

We appreciate there will be customers who do not wish to provide personal information over the phone and who may prefer to be sent the form to complete themselves. We also understand that where supporting information is required to be provided, customers may need to submit the application themselves in order to also provide the relevant documentation.

The guideline will provide flexibility for these circumstances. However, the onus will be on retailers to support these customers as best they can. For example, we are aware of a water retailer that contacts customers two weeks after they have been sent an application form to check they have been able to submit the form and supporting documentation to DHHS. We also expect retailers to

provide reasonable assistance to meet the distinct communications needs of customers, such as access to a translator or the national relay service.

We acknowledge that this change in practice for retailers may cause them to incur some additional costs. However, retailers are paid a fee per application form they generate, which is intended to account for some of these costs. As previously noted, utility relief grant forms that are successfully completed and approved by DHHS also result in a grant payment which reduces the debt that a retailer carries.

We understand there have been many lodged applications to be processed which has led to long waiting times. However, we also understand that DHHS has worked to review these applications times in recent months, and the majority of remaining applications require further action from customers or retailers to progress.

Draft decision 1: Supporting customers to complete and lodge utility relief grant applications

Retailers are required to support residential customers in completing utility relief grant application forms, including by submitting forms online on behalf of the customer where possible and the customer consents to this. We propose that this will be an ongoing requirement.

Extending entitlements to tariff checks

The existing payment difficulty framework contains three levels of assistance:

- standard assistance for customers who are anticipating payment difficulty and need support in staying on top of their bills
- tailored assistance for customers who miss a bill due date, but can still afford their ongoing energy usage
- additional tailored assistance for customers who miss a bill due date and cannot afford their ongoing energy usage.

This framework was designed to ensure residential customers who are in or anticipating payment difficulty are entitled to a minimum level of support regardless of their retailer, while allowing some flexibility for retailers to tailor support to a customer's individual circumstances.

The payment difficulty framework has been operational since 1 January 2019 and is due to be reviewed next year. At this time, it will be important to gather evidence to understand both how effective the actual framework is at supporting customers in payment difficulty, and how well retailers have complied with the requirements of the framework.

Supporting residential customers

In the meantime, we are facing unprecedented circumstances which are likely to see many more customers fall under the remit of the payment difficulty protections than a few months ago. As previously noted, while we have not yet seen an increase in the number of Victorians receiving tailored assistance, we do expect this to be the case over the coming months.

In light of these circumstances, we are considering whether there are additional temporary actions that can be done to further support customers in payment difficulty at this time. Household consumption has already increased as a result of Victorians staying at home more. This is likely to increase further heading into winter. It is more important than ever that customers are on a tariff appropriate to their circumstances and which minimises the cost of energy.

Our proposal

We are therefore proposing to temporarily extend the requirement for retailers to conduct 'tariff checks' (as required by clause 79(1)(e)(i) of the Energy Retail Code) to all customers receiving tailored assistance, rather than just customers receiving tailored assistance who cannot afford their ongoing energy costs. This would require retailers to go beyond providing the best offer message on a customer's bill, by proactively contacting customers receiving tailored assistance to discuss whether another tariff would be more appropriate based on their circumstances.

To implement this temporary rule change, we propose to include a new section in the Energy Retail Code that would be in effect for six months from commencement of the rules for retailers, unless extended by the commission. We expect retailers to contact their customers who are already receiving tailored assistance and can afford their ongoing energy costs, to offer a tariff check, as soon as reasonably practicable after this obligation takes effect.

For customers who start to receive tailored assistance from 1 October 2020, retailers must conduct a tariff check when they are working with a customer to set up a payment arrangement.

Draft decision 2: Extending tariff check entitlement to all customers receiving tailored assistance

Retailers are required to conduct a tariff check for all residential customers receiving tailored assistance, not just those who cannot afford the ongoing cost of their energy. We propose that this is a temporary requirement that would be in effect for six months from commencement of the rules for retailers.

Gas standing offer prices

As noted previously, customers will be facing higher costs as we come into winter and consumption increases, particularly gas consumption for heating. As the prices of gas standing offers are currently set by retailers, we are mindful of the impact this will have on customers on

Supporting residential customers

standing offers who are likely to be paying particularly high prices and so will be affected proportionately more by consumption increases.

As of 31 March 2020, 109,241 residential gas customers were on standing offers. The average annual bill of standing offers was between 21 to 25 per cent²⁶ more expensive than average annual bill for market offers with no discount conditions, and 21 to 32 per cent²⁷ more expensive than the average annual bill of market offers with discount conditions (depending upon whether the conditions are met or not).²⁸ This is particularly high compared to electricity, where the difference between the Victorian Default Offer (which is a regulated price for electricity standing offers set by the commission) is only six to 10 per cent more than average annual bill for market offers during the same time.²⁹ Further, gas standing offer prices have consistently increased year on year over the last five years, more so on average than the prices of gas market offers.³⁰

Our proposal to extend the tariff check requirement to all customers receiving tailored assistance will ensure that vulnerable gas customers paying high standing offer prices will be proactively contacted and informed of their retailer's best offer for them.

²⁶ Depending on the distribution zone.

²⁷ Depending on the distribution zone.

²⁸ Estimated residential annual bills assume yearly gas consumption of 54.4 GJ. Source: Essential Services Commission analysis of data from Victorian Energy Compare.

²⁹ Depending on the distribution zone. Estimated residential annual bills assume yearly electricity consumption of 4,000 kWh. Source: Essential Services Commission analysis of data from Victorian Energy Compare.

³⁰ From 30 June 2015 to 30 June 2019, the average gas standard contract price has increased by 36 percent, compared to only a 23 per cent increase for the average market contract price (both market contracts without discounts, and discounted contracts with conditions met). Source: Essential Services Commission, [Victorian Energy Market Report 2018-19](#), November 2019.

3. Supporting small business customers

From 1 October 2020, we propose that retailers must provide small business customers with minimum entitlements to payment assistance on a temporary basis, including:

- payment flexibility to help small businesses avoid getting into arrears with their retailer
- if a small business does get into arrears, assistance that makes it easier for them to pay for the on-going energy use, repay their arrears and lower their energy costs.

We propose these requirements would be in effect for six months from the commencement of the rules for retailers, unless extended by the commission.

We seek stakeholder views on our proposed temporary assistance program and the eligibility requirements for small businesses seeking assistance. We are also interested in whether stakeholders have views on other measures we should consider to ensure consistent protections for small business customers experiencing financial stress as a result of the pandemic, either in the short or medium term.

We also encourage retailers to pass on savings received through the network relief package to small business customers and to consider reducing high gas standing offer prices to reduce the energy cost burden on small businesses during the coronavirus pandemic.

Impacts of the pandemic on small business customers

In Victoria, there are many more residential customers than small business customers. In 2018-19, there were around 2.6 million residential customers and 277,000 small business customers.³¹ The coronavirus pandemic has put additional financial stress on some small businesses, particularly those that have faced restricted operation due to the coronavirus pandemic. Small businesses have relatively higher consumption, and therefore energy bills, than residential customers.

The National Cabinet's agreed principles for essential services hardship support apply to both residential and small business customers and seek to ensure access for support is as simple and easy as possible.³² The Victorian Minister for Energy, Environment and Climate Change also raised the expectation that 'energy retailers keep small business customers under financial stress

³¹ Essential Services Commission, [Victorian Energy Market Report 2018-19](#), November 2019.

³² The Hon Scott Morrison MP, [Update on coronavirus measures](#), April 2020.

connected if they have raised their situation with their provider and to work with them on a manageable payment plan.’³³ In this chapter, we set out proposals for supporting small business customers that we consider align with the National Cabinet’s agreed principles for hardship support for small businesses and with the Victorian Minister for Energy, Environment and Climate Change’s expectations.

The Australian Bureau of Statistics published survey data on 28 May 2020 indicating that around 72 per cent of Australian businesses had experienced a decrease in revenue as a result of the coronavirus.³⁴ The majority of surveyed businesses expected government restrictions to continue to have an effect in the next two months. The Australian Government’s temporary support package for businesses significantly affected by coronavirus, JobKeeper, is available to employers that have faced a fall in turnover of at least 30 per cent.³⁵ As of 20 May 2020, 759,654 Australian businesses had made claims under the JobKeeper program.³⁶

Reduced business activity appears to have led to reduced energy usage. For example, Energy Networks Australia found that small-medium enterprises’ average daily electricity demand was 12 per cent lower in the last week of March 2020 than in the last week of March 2019.³⁷

While most provisions of the Energy Retail Code extend to all small customers (residential and small business), the payment difficulty framework is only available to residential customers. This is due to the requirements of licensees in the energy legislation³⁸ and the terms of reference of our hardship inquiry in 2015, from which the payment difficulty framework originated.³⁹ Victorian retailers are therefore not obligated to provide small businesses with the same minimum levels of payment difficulty assistance as they must provide to residential customers.

³³ The Hon Lily D’Ambrosio MP, [Know your rights and keep your lights on](#), April 2020.

³⁴ Australian Bureau of Statistics, [Businesses respond to COVID-19 challenges](#), May 2020.

³⁵ This is for businesses with aggregated turnover of \$1 billion or less. Source: Australian Taxation Office, [JobKeeper Payment: Eligible employers](#), accessed May 2020.

³⁶ Treasury (Australian Government), [Joint media release with Australian Taxation Office](#), May 2020.

³⁷ Data is based on average daily demand in the AusNet Services distribution zone in the last week of March 2020 and the last week of March 2019. Source: Energy Networks Australia, [Commercial down v residential up: COVID-19’s electricity impact](#), April 2020.

³⁸ Specifically, section 43 of the Electricity Industry Act 2000 provides that as a condition of a licence to sell electricity, the licensee must prepare and submit a policy to deal with ‘domestic’ customers experiencing financial hardship. In the Act, ‘domestic’ customers refers only to residential customers.

³⁹ Our hardship inquiry in 2015 examined these current policies and assessed whether the current framework was effective at ensuring customers receive effective assistance to avoid disconnection. During our work developing the payment difficulty framework, we noted that the limited scope of the hardship enquiry meant that the payment difficulty framework should similarly only apply to residential customers.

Supporting small business customers

Under the Victorian retail energy framework, a business is defined as a small business if it is the customer of a licenced retailer and its aggregate consumption has not been (or, in the case of a new supply point, is not likely to be):

- more than 40 MWh of electricity in any year⁴⁰
- more than 1000 GJ of gas in any year.⁴¹

Measures to support small business customers

We understand that some retailers have responded to the coronavirus pandemic by voluntarily providing temporary payment difficulty assistance to small businesses, primarily through payment arrangements or deferrals of pay-by-dates. However, small businesses seeking assistance during the pandemic will receive different outcomes depending on their retailer.

While the data we have received from retailers to date is too preliminary to show any trends in payment difficulties and assistance for small businesses, there are some early indications that small business customers are seeking payment assistance from their retailers.⁴²

We have observed that in late-May 2020 there was around a 32 per cent increase in the weekly average number of small business electricity customers enquiring about bill assistance from their retailers (around 2,400 small business customers per week). We also note that the average arrears of small business energy customers receiving payment assistance increased from April to May 2020, to an average of \$1,180 for electricity and \$1,441 for gas by the end of May. In contrast, the data suggests that the weekly average of small business customers missing payment of their bills was around four per cent lower in May than April.

From our discussions with retailers we understand that:

- many retailers have allowed small businesses to temporarily access payment plans, payment deferrals and tariff checks (including a combination of different forms of assistance)

⁴⁰ Victorian Government, [Order in Council: Order under s. 35 of the Electricity Industry Act 2000](#), No. S 315 25 November 2008.

⁴¹ Victorian Government, [Order in Council: Order under s. 42 of the Gas Industry Act 2001](#), No. S 315 25 November 2008.

⁴² See appendix C for more information.

- some retailers are including messages on bills and other communications that assistance is available to small business customers
- some retailers also indicated that their small business customers are preferring to go onto payment plans rather than fully deferring their energy bills.

We are proposing temporary measures to provide small businesses with clarity on the minimum level of payment assistance they should expect from their retailers through the coronavirus pandemic.

We consider the proposed measures align with our statutory objective to promote the long-term interests of Victorian consumers⁴³, including protections to assist customers who are facing payment difficulty.⁴⁴ We consider the long-term interests of consumers include energy retailers and small business customers recognising they share a common interest in working together, to ensure business continuity and facilitate the resumption of normal trading activities at the end of the coronavirus pandemic during a reasonable recovery period.

In developing these proposals, we have been mindful of the need to support the continued viability of energy businesses (such as maintaining incentives for small businesses to continue paying their bills on time) and the need to support small businesses so that they can return to regular trading activities. In deciding to make these measures temporary, we had regard to the potential costs on energy retailers to provide assistance to affected customers during this time.

We welcome stakeholder views on the costs and benefits of our proposals, and any implementation issues. We are also interested in whether stakeholders think there is evidence to suggest additional areas we could consider focusing on.

Question 2

Are there other measures you think we should be considering to ensure consistent protections for small business customers experiencing financial stress as a result of the pandemic, either in the short or medium term? If yes, please provide details.

⁴³ Section 8 Essential Services Commission Act 2001.

⁴⁴ Section 10(c), Electricity Industry Act 2000 and section 18(c), Gas Industry Act 2001.

Payment flexibility for small businesses anticipating financial stress

One of the National Cabinet's agreed principles for hardship support for essential services was to offer flexible payment options to all households and small businesses in financial stress.⁴⁵ We consider small businesses would benefit from an entitlement to minimum assistance to help them avoid getting into arrears with their retailer during the coronavirus pandemic.

To provide this assistance, we consider that a temporary assistance program similar to 'standard assistance' under the payment difficulty framework for residential customers is an appropriate regulatory response to support small businesses to manage paying their energy bills.

We consider this form of assistance would require retailers to carry relatively small levels of debt on behalf of their small business customers for short time periods. We therefore expect this would be relatively low cost for retailers to provide and may encourage more small business customers to meet their bill pay-by-date obligations.

We are interested in stakeholders' views on whether it is useful to offer flexible payment options for small businesses anticipating financial stress or whether our temporary program should focus solely on small businesses already in financial stress (as provided for under draft decision 4).

Our proposal

We propose that if a small business contacts their retailer seeking flexibility in the payment of an upcoming energy bill, the retailer must make available the following forms of assistance:

- making payments of an equal amount over a specified period
- options for making payments at different intervals
- extending by a specified period the pay-by-date for a bill for at least one billing cycle in any 12-month period.

While we have not included advance payment of energy use as an option here (as provided under 'standard assistance' in the Energy Retail Code), we note that there is an existing obligation that retailers must accept payments by a customer for a bill in advance.⁴⁶

To implement this temporary assistance program, we propose to include a new section in the Energy Retail Code that will apply for six months from commencement of the rules, or for a longer period if the commission considers that an extension is required.

⁴⁵ The Hon Scott Morrison MP, [Update on coronavirus measures](#), April 2020.

⁴⁶ Energy Retail Code, clause 32(5).

Draft decision 3: Payment flexibility for small businesses anticipating financial stress

Small businesses will have a minimum entitlement to assistance that helps them avoid getting into arrears with their energy retailer. We propose that this is a temporary requirement that would be in effect for six months from commencement of the rules for retailers.

Payment assistance for small businesses that miss a bill pay-by-date

As noted above, some retailers have provided short-term assistance to their small business customers by deferring pay-by-dates, to help these customers manage their finances during the initial shock of the coronavirus pandemic. While this will assist many small businesses in managing their immediate bills, there is a risk that some businesses will develop arrears that they will not be able to fully pay back by the next pay-by-date for their energy bills.

In addition, some businesses that are currently able to manage their energy bills through the assistance of the JobKeeper program may begin to develop arrears once that financial assistance expires. These interactions could also potentially affect the cashflows of energy retailers, particularly as the pay-by dates of deferred payments come to an end in a few months' time.

We consider small business customers would benefit from an entitlement to minimum assistance to help them manage their energy bills through the following months as restrictions continue to ease and businesses begin to re-open and expand operations. Small businesses should be able to access payment arrangements that help them to pay their ongoing energy use and repay any arrears built up during the initial shock of the coronavirus pandemic. In addition, retailers should provide practical assistance to help these small businesses lower their energy costs, such as advice on a tariff that is most likely to minimise energy costs.

To provide this assistance, we consider a temporary assistance program that aligns with certain aspects of 'tailored assistance' under the payment difficulty framework for residential customers would help small businesses manage the repayment of arrears and be relatively straightforward for retailers to implement.

Our proposal

We propose that if a small business misses a bill pay-by-date, it will be entitled to:

- repayment of arrears over not more than two years by payments at regular intervals of up to one month (based on a payment proposal from the business that is accepted by the retailer)
- advice from their retailer about payment options that would enable the repayment of their arrears over not more than two years

- assistance to help the small business lower its energy costs by completing a tariff check to find a contract that is most likely to minimise the small business' energy costs, based on the retailer's knowledge of the small business' pattern of energy use and payment history.

We propose that a payment proposal for the repayment of arrears and ongoing usage must be accepted by the retailer if it:

- provides for the making of payments of equal amounts at regular intervals of up to one month
- would result in the small business' arrears being fully paid in no more than two years after the first payment
- provides for payments for energy use being made together with payments to reduce arrears and
- is based on a reasonable forecast of the small business' energy use over the next 12 months.

As noted above, our proposal broadly aligns with 'tailored assistance' under the payment difficulty framework for residential customers. The key difference is that we have not proposed specific assistance for small businesses that cannot pay the full cost of their ongoing energy usage. Under our proposal, a small business that has missed a bill would be entitled to assistance to repay any arrears under a payment plan of up to two years, while continuing to pay their ongoing energy usage.

In developing the entitlements for small businesses under the temporary assistance program, we considered alternative options such as:

- a small business that misses a bill pay-by-date would be entitled to repayment of arrears over not more than six months by payments at regular intervals (compared to two years under our proposal)
- the same as above, but a retailer may refuse a compliant payment proposal if it has reasonable business grounds to do so.

When considering how long small businesses should be entitled to assistance, we have weighed up the benefits to retailers from a shorter timeframe to repay arrears against the benefits to small businesses from a longer period to smooth out the repayment of arrears. We have also considered the operational implications of this proposal to retailers. We consider a consistent framework for small business customers that aligns with existing measures under 'tailored assistance' for residential customers would allow retailers to implement any change quickly in response to the pandemic.

As noted above, we also considered allowing retailers to refuse payment proposals in situations where there are reasonable business grounds to do so. This may include where the retailer considers the small business would not comply with the payment proposal (for example, due to its payment history) or where providing the payment arrangement may expose the retailer to

unreasonable financial risk. We have not proposed this option in this draft decision for several reasons, including because small businesses would receive different assistance outcomes depending on their retailer and that some retailers may need to establish new and specific processes due to the divergence from 'tailored assistance' for residential customers.

Although we have proposed that a small business be entitled to up to two years to repay their arrears, we expect the small business and retailer to work towards the shortest payment arrangement period that the small business believes is affordable and sustainable. Consistent with 'tailored assistance' for residential customers, we do not expect retailers to automatically advise the small business of an option of two years to repay their arrears (although this may be appropriate in particular circumstances).⁴⁷

We are interested in stakeholders' views on whether our proposed forms of temporary payment assistance are appropriate for small business customers or whether there is an alternative approach that may be preferable.

Question 3

We are proposing that if a small business misses a bill pay-by-date, it will be entitled to repayment of arrears over not more than two years by payments at regular intervals of up to one month. Do you think that two years is an appropriate length of time for small business customers to be asked to repay their arrears? If not, please provide details about what alternative would be appropriate.

We consider that our proposed temporary assistance program aligns with the National Cabinet agreed principles that flexible payment options be available to all households and small businesses in financial stress and to defer debt recovery proceedings and not disconnect energy supply for customers in financial stress.⁴⁸ Specifically, our temporary assistance program would require that:

- retailers do not commence or continue with debt recovery proceedings (or sell or otherwise dispose of the debt) for small businesses receiving assistance under this temporary assistance program⁴⁹

⁴⁷ Essential Services Commission 2017, Energy Compliance and Enforcement Policy: Guidance note – Payment difficulty and disconnection: Version 1.0, 22 December, pp. 31-32.

⁴⁸ The Hon Scott Morrison MP, [Update on coronavirus measures](#), April 2020.

⁴⁹ Appendix A – proposed new Schedule 11: clause 12, Energy Retail Code.

- retailers will be unable to disconnect a small business for non-payment if the business is on a payment plan and adhering to the terms of that plan.⁵⁰

We consider our proposal also aligns with the Minister for Energy, Environment and Climate Change expectation that energy retailers do not disconnect business customers in financial stress if they have raised their situation with the retailer and have worked with them on a manageable payment plan.⁵¹

Criteria for small businesses to be eligible for payment assistance

The National Cabinet agreed that flexible payment options be available to all households and small businesses in financial stress (including small businesses eligible for the JobKeeper Payment).⁵²

When deciding on the proposed criteria for small businesses to be entitled to payment assistance under this temporary program, we considered two main options:

- requiring small businesses to demonstrate to their retailer that they were in financial stress (or eligible for the JobKeeper Payment)
- the trigger for eligibility being a small business missing the pay-by-date of one bill (which aligns with the requirement for ‘tailored assistance’ under the payment difficulty framework for residential customers).

When weighing up these two options, we considered whether the options were:

- targeted to the small businesses that are most likely to require payment assistance
- simple to quickly implement in a consistent manner across all retailers.

On balance we considered that the benefits of making the proposed temporary and urgent changes simple to quickly implement by only requiring one missed payment to be considered as ‘financial stress’ outweighed the benefits of a more targeted requirement to demonstrate financial stress. Our proposal ensures that the eligibility criteria for assistance is simple and that all small businesses that cannot pay their energy bills can access minimum levels of assistance.

We are interested in stakeholders’ views on the eligibility criteria for small businesses seeking payment assistance from their retailer.

⁵⁰ Section 111(1)(a)(ii), Energy Retail Code.

⁵¹ The Hon Lily D’Ambrosio MP, [Know your rights and keep your lights on](#), April 2020.

⁵² The Hon Scott Morrison MP, [Update on coronavirus measures](#), April 2020.

Question 4

We are proposing a temporary entitlement to payment assistance for any small business that misses a bill pay-by-date. Do you think it would be practical or appropriate to restrict eligibility for payment assistance to small businesses that meet a set of criteria for financial stress? If yes, please provide details about what criteria would be appropriate.

Implementation of the temporary payment assistance program

To implement this temporary assistance program, we propose to include a new schedule in the Energy Retail Code that will come into effect on 1 October 2020 and cease accepting new entrants after six months after commencement of the rules or as otherwise extended. Retailers would be obligated to continue providing a small business with the agreed payment arrangement under this temporary assistance program until that arrangement concluded.

In developing the six-month timeframe for our temporary assistance program for small businesses, we considered two alternative options:

- the temporary assistance program ceases to accept new entrants after 31 December 2020 (which aligns with the Australian Energy Regulator's rule change proposal to allow retailers to defer paying network charges change for up six months)
- the temporary assistance program ceases to accept new entrants when the JobKeeper Payments are withdrawn.

Since the timing of the full withdrawal of the JobKeeper program is not certain, we have not proposed to align the temporary assistance program with the JobKeeper program. Our view is that the temporary assistance program should be open for a long enough period to allow small businesses to receive multiple electricity and gas bills and be able commence discussions with their retailer about any payment assistance they require. As many energy bills are issued quarterly (particularly for gas), we consider that a six-month period would enable most small businesses to receive at least two electricity and gas bills before the conclusion of the temporary assistance program.

To support the introduction of the temporary assistance program, we will introduce new reporting requirements to track the number of small businesses that are accessing this assistance over time and the average levels of arrears of small businesses accessing assistance.

Draft decision 4: Payment assistance for small businesses that miss a pay-by-date

Small businesses will have a minimum entitlement to assistance that makes it easier for them to pay for the on-going energy use, repay their arrears and lower their energy costs. We propose that this is a temporary requirement that would be in effect for six months from commencement of the rules for retailers.

Additionally, it should be noted that as per the current requirements of the Energy Retail Code, small businesses adhering to a payment plan will not be able to be disconnected for non-payment.

Hibernating businesses that request energy disconnection

Some small businesses may not be operating during the coronavirus pandemic and may seek to temporarily disconnect their energy supply until they are able to re-open the business. Retailers can pass through charges to customers for disconnection and reconnection fees.

Energy Networks Australia's network relief package outlined that:⁵³

- network charges will be rebated between 1 April and 30 June 2020 for small businesses hibernating (using less than 25 per cent of historical consumption) during that period
- it will support retailers in not disconnecting any small business customers who may be in financial stress, without their agreement, before 31 July 2020 and potentially beyond
- it will not apply disconnection or reconnection fees for small businesses that have temporarily ceased operations (daily supply charges would also be waived during the period of disconnection).

From our discussions with retailers, it appears that at least some retailers are currently providing eligible customers with rebates on network charges or partial bill waivers. We expect all retailers to directly pass savings received from the relief package through to eligible small business customers.

Gas standing offer prices

As of 31 March 2020, around 10,000 small business gas customers were on standing offers, which represents around 15 per cent of all small business gas customers. Compared to residential customers, a significantly higher proportion of small businesses are paying gas standing offer prices.

⁵³ Energy Networks Australia, [COVID-19 electricity and gas network relief package](#), April 2020.

The average annual bill of gas standing offers for small business customers was between 23 to 27 per cent more expensive than average annual bill for market offers with no discount conditions, and 18 to 31 per cent more expensive than the average annual bill of market offers with conditions (depending upon whether the conditions are met or not).⁵⁴ This is particularly high compared to electricity, where the Victorian Default Offer (which is a regulated price for electricity standing offers set by the commission) is cheaper than the average market offer in some distribution zones.⁵⁵

Our proposal to conduct a tariff check to small business customers (under draft decision 4) can help ensure that customers paying high standing offer prices will be informed of their retailer's best offer for them.

⁵⁴ Depending on the distribution zone. Estimated small business annual bills assume yearly gas consumption of 500 GJ. Source: Essential Services Commission analysis of data from Victorian Energy Compare.

⁵⁵ Estimated small business annual bills assume yearly electricity consumption of 12,000 kWh. Source: Essential Services Commission analysis of data from Victorian Energy Compare.

4. Supporting the implementation of the network relief package

Since Energy Networks Australia's network relief package was announced, we have been consulting with stakeholders about the support that is provided. Further, on 28 May 2020, the Australian Energy Market Commission commenced consulting on a proposed rule change to extend ongoing support for retailers. However, this rule change does not apply in Victoria.

We want to know from stakeholders:

- Do you think the current relief package to retailers has worked the way it was intended?
- Do you think anything further should be put in place after the initial relief package to retailers ends in September?

As mentioned in previous chapters, energy businesses have responded with a range of measures to help support customers during this pandemic. However, we are conscious that in the current environment, the growing number of customers receiving support from their energy retailers could also affect an energy retailer's financial responsibilities to cover ongoing network charges to energy distributors and wholesale energy costs.

In response to this risk, Energy Networks Australia and Victorian distributors released a support package to support retailers between April and June (see appendix D). Generally, the packages allow retailers to defer certain customer network debt for three months or waive other network costs.

The Australian Energy Regulator is concerned that the potential financial pressure faced by retailers will continue beyond 30 June 2020 and submitted an urgent rule proposal to the Australian Energy Market Commission to allow retailers to defer paying network charges for up six months. If the rule is implemented, it would not apply in Victoria because Victoria is not a part of the National Energy Consumer Framework.

Australian Energy Market Commission consultation paper

On 28 May 2020, the Australian Energy Market Commission commenced consulting on the Australian Energy Regulator's urgent rule change proposal to allow retailers to defer paying

network charges for up six months. It is expected that a final determination and final rule will be published on 23 July 2020 if the rule change is accepted as urgent.⁵⁶

In the consultation paper, the Australian Energy Market Commission has asked for stakeholder views on:

- the expected impact of the pandemic on retailers' cash flows
- options retailers have to manage cashflows in the absence of the rule
- which retailers and customers should be eligible for the rule
- how long the deferral should be
- whether there should be the ability to extend the deferral
- what the deferrals would mean for distributors paying transmission networks
- the appropriate purpose for deferring network payments.

What we have heard in Victoria

Each jurisdictional distributor has negotiated a voluntary network relief package with retailers in addition to the Energy Networks Australia's package. Since the proposed national rule change to extend deferral of network charges does not apply in Victoria, we have been engaging with stakeholders and considering whether there is a need for a similar rule in Victoria after the voluntary network relief package ends. Through our engagement on the current package offered in Victoria we have heard:

- all eligible electricity retailers have signed up to the electricity distributor package in whole or part
- all but one eligible gas retailer has signed up to the gas distributor package in whole or part
- there have been some technical system challenges to work through by all parties
- the majority of retailers welcome the initial package, but some have concerns it is too narrow
- retailers have indicated that residential and business customers are requesting a mix of bill deferral or payment plans and it is unclear how big of effect this has had on retailer cashflows
- currently, there is no indication of retailers experiencing financial difficulty, but all parties are wary of what may happen when government assistance ends
- stakeholders expect more customers will have difficulty paying bills in the future

⁵⁶ Australian Energy Market Commission, [Consultation paper: national electricity amendment \(deferral of network charges\) rule 2020](#), May 2020.

- distributors have written to the commission expressing concerns about the proposed Australian Energy Regulator rule change and suggesting that the intent of the proposed rule change could be given effect to in Victoria on a voluntary basis.

To further understand what retailers and network operators are facing at this time, we are interested to hear stakeholder views on how the current network relief package is working in Victoria, and whether anything further should be put in place after the voluntary package ends.

Question 5

Do you think the current relief package to retailers has worked the way it was intended?
Please provide details to explain your answer.

Question 6

Do you think anything further should be put in place in Victoria after the initial relief package to retailers ends, for example a deferral of network charges similar to the rule change that the Australian Energy Market Commission is currently consulting on? If yes, please provide details.

5. Amending the Energy Retail Code

In Victoria, energy retailers are required to comply with the code as a condition of their energy licence.⁵⁷

To give effect to the proposals outlined in this draft decision, we propose to publish a new guideline and make changes to the Energy Retail Code. This chapter summarises the amendments we are proposing to make.

Supporting customer access to utility relief grants

We propose to issue a guideline under section 44 of the Electricity Industry Act and section 48H of the Gas Industry Act that will require retailers to complete utility relief grant application forms over the phone with a customer and lodge the form online where the customer consents to this.

The draft guideline is provided in appendix B.

Extending entitlements to tariff checks

We propose to insert a subclause into clause 79 of the Energy Retail Code to give effect to the requirement that retailers offer tariff checks to customers receiving tailored assistance who can still pay the full cost of their ongoing energy use.

The draft code amendments are provided in appendix A.

Measures to support small business customers

To give effect to our proposals for small business customer support, we are proposing to introduce a new Part 3AA and Schedule 11 in the Energy Retail Code. Schedule 11 will set out the temporary minimum standards of assistance to which business customers anticipating or facing payment difficulties as a result of the coronavirus pandemic are entitled. Part 3AA will set out when and how Schedule 11 applies.

The draft code amendments are provided in appendix A.

⁵⁷ Section 20(2) of the Electricity Industry Act 2000 and section 28(2) of the Gas Industry Act 2001 set out the licence conditions requiring energy retailers to comply with the Energy Retail Code.

6. Next steps

How to give us your feedback

We are seeking feedback on our draft decision. We will be holding three workshops, one for each of the topics covered in this draft decision, to discuss our proposals and questions with stakeholders. These will be held via Zoom on the following dates:

- 6 July 2-3pm – to discuss small business proposals (chapter 3)
- 7 July 3-4pm – to discuss residential customer proposals (chapter 2)
- 8 July 3.30-4.30pm – to discuss network relief (chapter 4).

We will email stakeholders with details of how to register for these workshops. If you are interested in attending and do not receive an email, please email energyreform@esc.vic.gov.au.

Stakeholders also welcome to provide a written submission. Submissions should be made via [Engage Victoria](#) by 5pm on 14 July 2020.

Submissions will be published on the commission's website, except for any information that is commercially sensitive or confidential. Submissions should clearly identify which information is sensitive or confidential.

We are also open to individual calls with stakeholders to discuss specific feedback. If you have any questions or would like to arrange a meeting, please contact us on the above email address.

Our approach to consultation is set out in our updated Stakeholder Engagement Framework.⁵⁸

Timeline for implementation

We are mindful that residential and small business customers are already being adversely affected by the pandemic, and we consider it important that short-term reforms to provide immediate support to customers are implemented as soon as possible.

With that in mind, the commission is undertaking an expedited process so a decision can be made as soon as possible. The key dates relating to this draft decision are as follows:

⁵⁸ Essential Services Commission, Stakeholder engagement framework – Charter of Consultation and Regulatory Practice, June 2018.

| Date | Activity |
|------------------|---|
| 6 – 8 July 2020 | Stakeholder workshops (via Zoom) to seek feedback on the draft decision |
| 14 July 2020 | Submissions close |
| Late August 2020 | Final decision released |
| 1 October 2020 | Amendments to the Energy Retail Code and new guideline come into effect |

Final decision

Once we have received and considered the submissions, we intend to make a final decision in late August 2020.

Commencement of new requirements

We anticipate that the new utility relief grant guideline and rules around tariff checks for residential customers on tailored assistance and minimum protections for small business customers will commence on 1 October 2020.

Next steps

Appendix A: Draft Energy Retail Code amendments

DRAFT AMENDMENTS TO THE ENERGY RETAIL CODE: Temporary assistance for small business customers anticipating or facing payment difficulties as a result of the Covid-19 pandemic

June 2020

Amendments made by the Essential Services Commission on DD/MM/YYYY

1 Nature and commencement of this instrument

- (1) This instrument amends the *Energy Retail Code*.
- (2) This instrument comes into operation on 1 October 2020.

2 Table of amendments

(1) In clause 3 (definitions), insert:

Covid-19 end date means 1 April 2021, or a *later Covid-19 end date* (if any).

Covid-19 period means the period commencing on 1 October 2020 and ending on the day prior to the *Covid-19 end date*.

later Covid-19 end date means a date to which the *Covid-19 end date* may be postponed pursuant to a statement published by the Commission under clause 95(4).

(2) After subclause 79(2), insert:

(2A) During the *Covid-19 period*, a *residential customer* is also entitled, at the very least, to the assistance mentioned in subclause (1)(e)(i), while continuing to pay the full cost of their on-going *energy* use.

(3) In Part 3, clauses 79, 80, 81, 82, 83, 86, 89, 91 and 92, for the word “customer” wherever appearing, substitute:

Residential customer.

(4) Delete clauses 95 – 106 [Not used] from Part 3, Division 6.

- (5) After Part 3 (Assistance for residential customers anticipating or facing payment difficulties) insert:

Part 3AA Temporary assistance for business customers anticipating or facing payment difficulties as a result of the Covid-19 pandemic

95 Application of Schedule 11

- (1) Schedule 11 applies to *customers* who are *business customers*:
 - (a) to whom *energy* is sold for premises by a *retailer*, or
 - (b) who proposes to purchase *energy* for premises from a *retailer*.
- (2) Schedule 11 will commence on 1 October 2020.
- (3) Subject to subclause (7), Schedule 11 will cease to have effect on the *Covid-19 end date*.
- (4) Prior to the *Covid-19 end date*, if it considers that it is appropriate for the small business hardship protections in Schedule 11 to continue in force beyond the *Covid-19 end date*, the Commission may publish a statement that the *Covid-19 end date* will be postponed to a date not later than 6 months after the current *Covid-19 end date* (the ***later Covid-19 end date***).
- (5) The Commission may publish more than one statement under clause 96(4).
- (6) The Commission must publish any statement under clause 96(4) on its website, with a prominent link from the webpage from which the current version of this Code may be accessed.
- (7) On and from the *Covid-19 end date*:
 - (a) Divisions 2 and 4 of Schedule 11 will continue to apply in respect of a *business customer* to whom standard assistance was first provided under clause 4 of Schedule 11 during the *Covid-19 period*; and
 - (b) Divisions 3 and 4 of Schedule 11 will continue to apply in respect of a *business customer* who became entitled, during the *Covid-19 period*, to be given information about tailored assistance under clause 8(1) or (2) of Schedule 11.

- (6) After Schedule 10, insert:

Schedule 11 Temporary assistance for business customers anticipating or facing payment difficulties as a result of the Covid-19 pandemic

Division 1 Operation of this Schedule

Appendices

1 Purpose

The purpose of Schedule 11 is to set out temporary minimum standards of assistance to which *business customers* anticipating or facing payment difficulties as a result of the Covid-19 pandemic are entitled.

Division 2 Standard assistance

2 Objective

The objective of this Division is to give *business customers* an entitlement to minimum standard forms of assistance, during the *Covid-19 period*, to help them avoid getting into arrears with their *retailer*.

3 Standard assistance

- (1) A *retailer* must take steps to provide to its *business customers* the forms of standard assistance, from those listed in subclause (2), it elects to make available to help them avoid getting into arrears.
- (2) Standard assistance made available must include the following:
 - (a) making payments of an equal amount over a specified period;
 - (b) options for making payments at different intervals; and
 - (c) extending by a specified period the *pay-by date* for a bill for at least one billing cycle in any 12 month period;

Division 3 Tailored assistance

4 Objective

The objective of this Division is to give *business customers* an entitlement to minimum standards of flexible and practicable assistance, during the *Covid-19 period*, that makes it easier for them to pay for their on-going *energy* use, repay their arrears and lower their *energy* costs.

5 Application of this Division

This Division applies to all *business customers* who are in arrears.

6 Minimum assistance

- (1) Tailored assistance consists of the following measures:
 - (a) repayment of arrears over not more than 2 years by payments at regular intervals of up to one month;
 - (b) advice from the *retailer* about payment options that would enable a *business customer* to repay their arrears over not more than 2 years;

- (c) practical assistance to help a *business customer* lower their *energy* costs including, but not limited to, the tariff that is most likely to minimise the *business customer's energy* costs, based on the *retailer's* knowledge of the *business customer's* pattern of *energy* use and payment history; and
- (d) any other assistance consistent with the objective of this Division.

7 Information about assistance available

- (1) A *business customer* who has not paid a bill by its *pay-by date* and who contacts the *retailer* is entitled to be given by the *retailer* information about the assistance to which the *business customer* is entitled under this Division and how to access it.
- (2) A *business customer* who has not paid a bill by its *pay-by date* and who has arrears of more than \$55 (inclusive of GST) is entitled to be contacted by the *retailer*, within 21 *business days* after that *pay-by-date*, and given information about the assistance to which the *business customer* is entitled under this Division and how to access it.
- (3) The *retailer* must allow the *business customer* no less than 6 *business days* to consider the information given under subclause (1) or (2), request further information, and put forward a payment proposal under clause 8.

8 Payment arrangements

- (1) The *retailer* must accept a payment proposal or revised proposal put forward under this clause by the *business customer* that complies with subclause (2).
- (2) A payment proposal or revised proposal complies with this subclause if it:
 - (a) provides for the making of payments of equal amounts at regular intervals of up to one month; and
 - (b) would result in the *business customer's* arrears being fully paid in no more than 2 years after the first payment; and
 - (c) provides for payments for *energy* use being made together with payments to reduce arrears; and
 - (d) is based on a reasonable forecast of the *business customer's energy* use over the next 12 months.
- (3) However, the *retailer* may accept a payment proposal or revised proposal that does any or all of the following:
 - (a) provides for payments of different amounts at different intervals;
 - (b) would result in the arrears being fully paid by a date later than 2 years after the first payment;
 - (c) provides for payments for *energy* use being made separately from payments for arrears.

- (4) On accepting a payment proposal or a revised proposal, the *retailer* must give the *business customer* a written schedule of payments showing:
- (a) the total number of payments to be made to pay the arrears; and
 - (b) the period over which the payments are to be made; and
 - (c) the date by which each payment must be made; and
 - (d) the amount of each payment.
- (5) If a *business customer* receiving assistance under this Division fails to make a payment by the date on which it was payable, the *retailer* must contact the *business customer* to discuss their putting forward a revised proposal under this clause.

9 Continued provision of assistance

- (1) A *retailer* is required to continue to provide assistance under this Division to a *business customer* unless:
- (a) after the *retailer* has complied with clause 7(3), the *business customer* has refused or failed to take reasonable action towards paying for their on-going *energy* use and repaying their arrears; or
 - (b) the period of the payment proposal or revised proposal accepted by the *retailer* under clause 8 has ended.

Division 4 Miscellaneous

10 Assistance beyond the minimum standards

Nothing in this Schedule prevents a *retailer* from providing to *business customers*, who are anticipating or facing payment difficulties, assistance in addition to the minimum standards set out in this Schedule.

11 Restriction on conditions

A *retailer* must not impose any condition on the provision of assistance under this Schedule (whether in accordance with the minimum standards set out in this Schedule or in addition to them) that requires the *business customer* to provide personal or financial information or to waive any entitlement under this Schedule.

12 Debt

- (1) **Restriction on debt recovery**

A *retailer* must not commence or continue with proceedings for the recovery of arrears from a *business customer* who is receiving assistance under this Schedule.

(2) **Restriction on sale of debt**

A *retailer* must not sell or otherwise dispose of the debt of a *business customer* who is in arrears:

- (a) at any time while the *business customer* is receiving assistance under this Schedule; or
- (b) within 10 *business days* after the *business customer* has been disconnected from their *energy* supply under clause 111A.

(3) **Guideline to be complied with on sale of debt to third party**

A *retailer* must not sell or otherwise dispose of the debt of a *business customer* to a third party other than in accordance with the guideline “*Debt collection guideline: for collectors and creditors*” jointly published by the Australian Competition and Consumer Commission and the Australian Securities and Investments Commission.

(4) **Waiver of debt**

Nothing in this Schedule prevents a *retailer* from waiving any fee, charge or amount of arrears for a *business customer*.

13 **Supply capacity control product**

A *retailer* must not offer a *supply capacity control product* to a *business customer* for any credit management purpose.

Appendix B: Draft guideline: supporting utility relief grant applications

1. Purpose of this guideline

- 1.1. The Energy Retail Code contemplates that energy retail licensees (retailers) will ensure that information in relation to the utility relief grant is readily available to residential customers, and requires retailers to provide specific advice about the Utility Relief Grant Scheme to residential customers who are in arrears.
- 1.2. The purpose of this guideline is to outline for retailers and Victorian energy customers the support that retailers must provide in relation to the lodgement of utility relief grant applications.
- 1.3. This guideline is made under section 44 of the Electricity Industry Act 2000 and section 48H of the Gas Industry Act 2001 and takes effect from 1 October 2020.

2. The Utility Relief Grant Scheme

- 2.1. The Utility Relief Grant Scheme provides help to customers to pay a mains electricity, gas or water bill that is overdue due to a temporary financial crisis. The Utility Relief Grant Scheme is administered by the Victorian Department of Health and Human Services (DHHS).
- 2.2. Eligible customers can apply for a grant through their retailer. Once the application form is completed, it must be lodged with the DHHS for assessment. If a grant is approved, it is paid directly to the retailer who will credit that amount to the customer's account.

3. Retailer obligations to support customer applications

- 3.1. Retailers are required to support customers in completing and submitting utility relief grant applications.
- 3.2. Retailers must assist customers to fill out the online application form over the phone and lodge the form online on behalf of the customer, unless the customer requests otherwise.
- 3.3. If the retailer is unable to complete and lodge a utility relief grant application form over the phone (for example, because a customer requests otherwise or supplementary documentation is required), the retailer must provide reasonable assistance to the customer, having regard to the customer's particular needs, to understand the application process.
This may include:

- (a) completing the online application form (to the extent possible) over the phone with the customer and sending the customer the partially-completed form with instructions on how to complete the remainder of the form;
- (b) explaining to the customer what further documentation they are required to provide (e.g. copies of payslips, receipts or a statutory declaration);
- (c) informing the customer that they can lodge the application, with copies of the required documentation, by:
 - (i) the customer emailing the application to the appropriate DHHS email address;
 - (ii) the customer posting the application to the appropriate DHHS postal address; or
 - (iii) emailing or posting the application back to the retailer, at a specified email or postal address, for the retailer to email documentation on the customer's behalf.

Appendix C: Data on energy customers during the coronavirus pandemic

About the data

We have received submissions from 21 retailers covering 94 per cent of electricity residential customers in Victoria – the observations in the below table relate to the data provided by retailers up to 31 May 2020. We are collecting a small subset of the data that is included in our annual performance report.

Data is reported weekly by retailers on a voluntary basis and is not audited by the commission. This data does not yet allow us to draw specific conclusions on the effect of the coronavirus pandemic, as some datasets are incomplete, captures data outside of Victoria (depending on the ability of retailer systems) or does not yet account for customers who have received extended deferral of payments. We note that some of these figures can change over time as retailers submit updated data – this can impact comparisons to other time periods.

We specifically note that retailers informed us that data for residential customers receiving tailored assistance and small business customers receiving payment assistance does not include customers who asked for extended deferral of payments.

| Indicators ⁵⁹ | Electricity | | Gas | |
|--|----------------------|--------------------|----------------------|--------------------|
| | Week ending 26 April | Week ending 31 May | Week ending 26 April | Week ending 31 May |
| Residential customers – assistance and arrears | | | | |
| Number and proportion of Victorian customers receiving tailored assistance – who can pay on-going usage | 31,910 1.2% | 30,563 1.2% | 22,125 1.1% | 20,279 1.0% |
| Number and proportion of Victorian customers receiving tailored assistance – who cannot pay on-going usage | 21,017 0.8% | 18,459 0.7% | 15,606 0.8% | 13,707 0.7% |
| Average arrears – customers receiving payment assistance, and can pay on-going usage | \$618 | \$640 | \$498 | \$485 |
| Average arrears – customers receiving payment | \$1,385 | \$1,515 | \$1,092 | \$1,141 |

⁵⁹ Average arrears are calculated by estimating total arrears in the market, divided by the number of customers receiving assistance across the market (reported data only).

| Indicators ⁵⁹ | Electricity | | Gas | |
|---|----------------------|--------------------|-----------------------------|-----------------------------|
| | Week ending 26 April | Week ending 31 May | Week ending 26 April | Week ending 31 May |
| assistance, and cannot pay on-going usage | | | | |
| Small business customers – assistance and arrears | | | | |
| Number and proportion of Victorian customers receiving payment assistance | 2,471 0.9% | 2,488 0.9% | 696 1.1% | 684 1.1% |
| Average arrears – customers receiving payment assistance | \$1,180 | \$1,141 | \$1,139 | \$1,441 |
| Calls waiting times | | | | |
| Average call waiting time – <i>totals for both electricity and gas</i> | 110 seconds | 58 seconds | <i>Refer to electricity</i> | <i>Refer to electricity</i> |

| Indicator | Electricity | | Gas | |
|---|---------------------------------|-----------------------------|---------------------------------|-----------------------------|
| | April (30 March to 26 April) | May (27 April to 31 May) | April (30 March to 26 April) | May (27 April to 31 May) |
| Calls and enquiries⁶⁰ | | | | |
| Weekly average phone calls to retailers (calls to an operator) – <i>totals for both electricity and gas</i> | 84,550 | 90,280 | <i>Refer to electricity</i> | <i>Refer to electricity</i> |
| Weekly average residential customer calls seeking assistance | 8,622 | 12,559 | 6,050 | 9,355 |
| Weekly average small business customer calls seeking assistance | 1,838 | 2,434 | 318 | 309 |
| Missed bills | | | | |
| Weekly average residential customers who missed bills | 9,367 | 7,469 | 7,649 | 4,811 |
| Weekly average small business customers who missed bills | 1,944 | 1,859 | 553 | 338 |

⁶⁰ Due to limitations of some retailer systems, some of the enquiries data can capture calls outside of Victoria.

Appendix D: Overview of network relief packages

| Description | |
|--|--|
| Energy Networks Australia's package | <ul style="list-style-type: none">• Applies to electricity and gas• Rebates for small business customers who stopped operating because of the pandemic• Waive charges for residential customers of small retailers who defaulted• Defer network charges for residential customers on payment plans of large retailers• Any deferral lasts three months• Deferral only covers network charges incurred in April, May or June• No disconnections for residential, small business and some large customers.• No disconnection or reconnection fees for small businesses• Maintain life support commitments• Minimise planned disruptions |
| Australian Energy Regulator proposed rule | <ul style="list-style-type: none">• Applies to all electricity retailers but not gas• Defer network charges for all residential customers that are currently in hardship, or on a payment plan• Deferral lasts six months from when the retailer was issued bill from the distributor• Deferrals only occur for the network charges incurred between 1 July to 31 December 2020• All deferrals must be repaid by June 2021• The Australian Energy Regulator has the power to extend the application of the rule if it wishes |
| Victorian electricity distributors package | <ul style="list-style-type: none">• Applies only to electricity• Write-off network charges for eligible residential customers of small retailers and small business customers• Defer 20 per cent of residential network charges for all small retailers until September 2020• Defer network tariffs for eligible residential customers of large retailers |

until September 2020⁶¹

- Waive disconnection and reconnection fees for business customers going into hibernation
- This package only covers the months April, May and June 2020

⁶¹ Large retailers are AGL, Origin, Energy Australia, ERM Power, Lumo Energy, Momentum, Red Energy, Simply Energy and all their affiliated retailers.

Appendix E: Role of the commission

Role of the Essential Services Commission

The commission is Victoria's independent economic regulator of essential services. Primary legislation passed by the Victorian Parliament sets out the objectives and expectations for the commission in the regulation of retail energy markets.

The Essential Services Commission Act 2001 sets out the commission's overarching objective to promote the long-term interests of Victorian consumers.⁶² The commission is also guided by objectives under the Electricity Industry Act 2000 and Gas Industry Act 2001 to promote the protections for customers, including in relation to customers who are facing payment difficulty.⁶³

The legislation establishing the regulatory framework for the energy industry in Victoria assigns the commission a range of functions and powers, including the power to grant licences to energy market participants and to create codes and guidelines.

The Energy Retail Code is the principal instrument used to set out retailers' obligations and was first established in 2002.⁶⁴ The commission amends the code to reflect new reforms and other changes. Version 15 of the code is currently in force today.

⁶² Section 8 Essential Services Commission Act 2001.

⁶³ Section 10(c) Electricity Industry Act 2000 and section 18(c) Gas Industry Act 2001.

⁶⁴ The commission replaced the Office of the Regulator-General (ORG), which was established to oversee regulation of electricity and gas industries during the privatisation of the industry and accompanying establishment of markets in generation, distribution and retail segments of the industry. The legislative objective for the ORG in relation to consumers was expressed as: "to ensure that users and consumers benefit from competition and efficiency" (Office of the Regulator-General Act 1994, s7(1)(e)).