

SAFETY NET FOR VICTORIAN ENERGY CONSUMERS FACING PAYMENT DIFFICULTIES

- CUSTOMER ADVICE MANUAL
- AMENDMENTS TO THE
ENERGY RETAIL CODE

Draft Decision

October 2016

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1 INTRODUCTION

In 2016, Victoria's energy industry legislation was amended to include a new objective for the Essential Services Commission to promote protections for customers, including in relation to assisting customers who are facing payment difficulties.

In February 2016, we completed our inquiry into energy hardship. The Inquiry found that energy company hardship programs are not preventing customers from accumulating large debts, or being disconnected. The Inquiry also found that customers are not getting the assistance they need, and many of the current rules cannot be enforced.

Our final report of the inquiry, *Supporting Customers, Avoiding Labels* (the Inquiry) was released in March 2016.¹ The report set out a proposal for a new regulatory safety net of minimum standards for customers experiencing payment difficulty.

Over the past few months, we have been consulting informally with industry and other stakeholders on the design of the new safety net that would commence on 1 July 2017.

1.1 KEY FEATURES

Key features of the safety net include:

- clear and unambiguous entitlements for customers facing payment difficulty to assistance from their retailer
- flexibility for retailers to innovate in their service delivery, and the discretion to provide more assistance than the minimum standards require

¹ See <http://www.esc.vic.gov.au/document/energy/35947-energy-hardship-inquiry-final-report-supporting-customers-avoiding-labels/>

- a tiered approach that enables customers facing different levels of payment difficulty to receive assistance that they need
- a shared responsibility of customers and retailers to work together to resolve payment difficulties
- clarity that the assistance retailers provide to customers facing payment difficulty is part of, but not a substitute for, social policy.

1.2 DESIGN FACTORS AND ISSUES

The safety net has been designed having close regard to:

- the cost of new IT and business systems, system change and systems integration
- the need to align incentives and avoid perverse incentives for retailers and customers
- the enforceability of obligations to provide certainty that assistance is provided and that disconnection for non-payment of a bill is a measure of last resort.

This draft decision responds to many of the issues raised in our consultations on the design, including:

- the level of customer entitlement and choice in how to pay for energy and arrears
- the impact of the proposed framework on retailer systems and processes
- how the framework fits with the existing *Energy Retail Code* (the Code) in particular the long-established billing and collection cycles
- the value of customer access to useable information about the cost of their energy use, in particular using data from Victoria's electricity smart meters
- the level and form of assistance that should be provided to customers to help them reduce their energy costs.
- whether retailers should have discretion including whether to accept a customer's promise to pay what they owe, or extend the period over which a customer receives assistance to reduce their energy costs.

1.3 REGULATORY DOCUMENTS

This draft decision sets out our proposal for the new safety net in two documents:

- a *Customer Advice Manual* (the Manual) that explains the customer entitlements established by the framework and sets out what customers can expect from their energy company; and
- revisions to the Code, that set out the minimum standards of assistance that retailers would be required to provide residential customers experiencing payment difficulty.

Drafts of these documents are set out in appendices 1 and 2 of this draft decision.

1.4 PURPOSE OF DRAFT DECISION

We have released this draft decision in order to provide an opportunity for all interested parties to make formal submissions on the proposed regulatory framework (the framework).

In particular, we are seeking information about the benefits and costs of the proposed framework for:

- energy consumers, particularly low income and vulnerable customers; and
- energy companies.

Submissions will inform our final decision on the regulatory framework which we intend to make before the end of 2016 in order to support a 1 July 2017 start date.

1.5 STRUCTURE

After this Introduction, the rest of our draft decision is divided into three chapters:

In chapter 2, we provide an overview of the framework including its purpose and key elements.

In chapter 3, we set out the design of the framework, including key differences between the proposed regulatory framework and what was contemplated in the Inquiry.

In chapter 4, we set out some of the key issues on which we are seeking information from stakeholders through the submissions process.

Two appendices contain the draft of the proposed amendments to the Code and a draft Manual.

2 FRAMEWORK OVERVIEW

2.1 PURPOSE

The purpose of the framework is to provide customers facing payment difficulty with a safety net of minimum entitlements to assistance, to enable them to avoid getting into arrears, pay any arrears in a manageable way, and therefore ensure that disconnection for non-payment is a last resort.

2.2 THE SAFETY NET

The safety net we propose:

- establishes customer entitlements, and pathways, to different forms of assistance;
- outlines minimum standards for each pathway (i.e. for communication, payment plans, other assistance); and
- sets a mandatory default action in circumstances where there is no engagement between the customer and their retailer; and
- provides enforceable obligations for retailers with strictly defined pathways to disconnection.

We propose that the safety net is given effect through *Energy Retail Code* (the Code). Compliance with the Code is a condition of energy retailer licences granted by the Commission.

2.3 ARCHITECTURE

The architecture for the framework comprises three elements:

- a new Part 3 for the Code and consequential amendments to other sections
- an *Customer Advice Manual*
- our approach to compliance and enforcement as set out in our existing Compliance and Enforcement Policy.

These elements and their interactions are illustrated in figure 2.6, and summarised below.

2.4 THE ENERGY RETAIL CODE

The Code sets out a range of retailer obligations in dealings with customers.

We propose that the new payment difficulties framework is incorporated in a new Part 3 of the Code.

The new Part 3 would replace the current existing obligations with a set of customer entitlements, and be supported by a series of consequential amendments to other related provisions of the Code.

The new Part 3 of the Code would constitute guidelines for the purpose of section 44 of the *Electricity Industry Act 2000* and section 48H of the *Gas Industry Act 2001*.

A draft of Part 3 and consequential amendments to the Code are set out in appendix 2.

2.5 CUSTOMER ADVICE MANUAL

The Amendments to the Code set out the necessary detail of the obligations on energy companies to assist customers experiencing payment difficulty. The Code is a legal document and its primary purpose is to make retailer obligations clear and enforceable by the Commission.

We consider that it is very important that customers and other interested parties are able to have access to information about their entitlements and how to access assistance from their energy company. Customers should also know what assistance they can reasonably expect to receive in different circumstances.

Customers in payment difficulty primarily receive information on their entitlements from their energy company, Energy and Water Ombudsman Victoria or a range of consumer advocates, including financial counsellors and community legal centres.

The *Customer Advice Manual* (the Manual) explains the new framework and sets out customer entitlements, pathways to assistance and the reasonable expectations of assistance, for use by energy companies and consumer advocates. The Manual has a further important function in interpreting the Code, which is discussed in chapter 3.

The Manual will be available on our website. We also plan to produce a number of targeted information materials for customers about the new framework prior to its commencement.

The Manual will be made under section 13 of the *Essential Services Commission Act 2001*. A draft of the Manual is set out in appendix 1.

2.6 COMPLIANCE AND ENFORCEMENT

Our approach to compliance and enforcement with the framework is set out in our *Compliance and Enforcement Policy*.¹

We recognise that there will be a period of transition to the new framework.

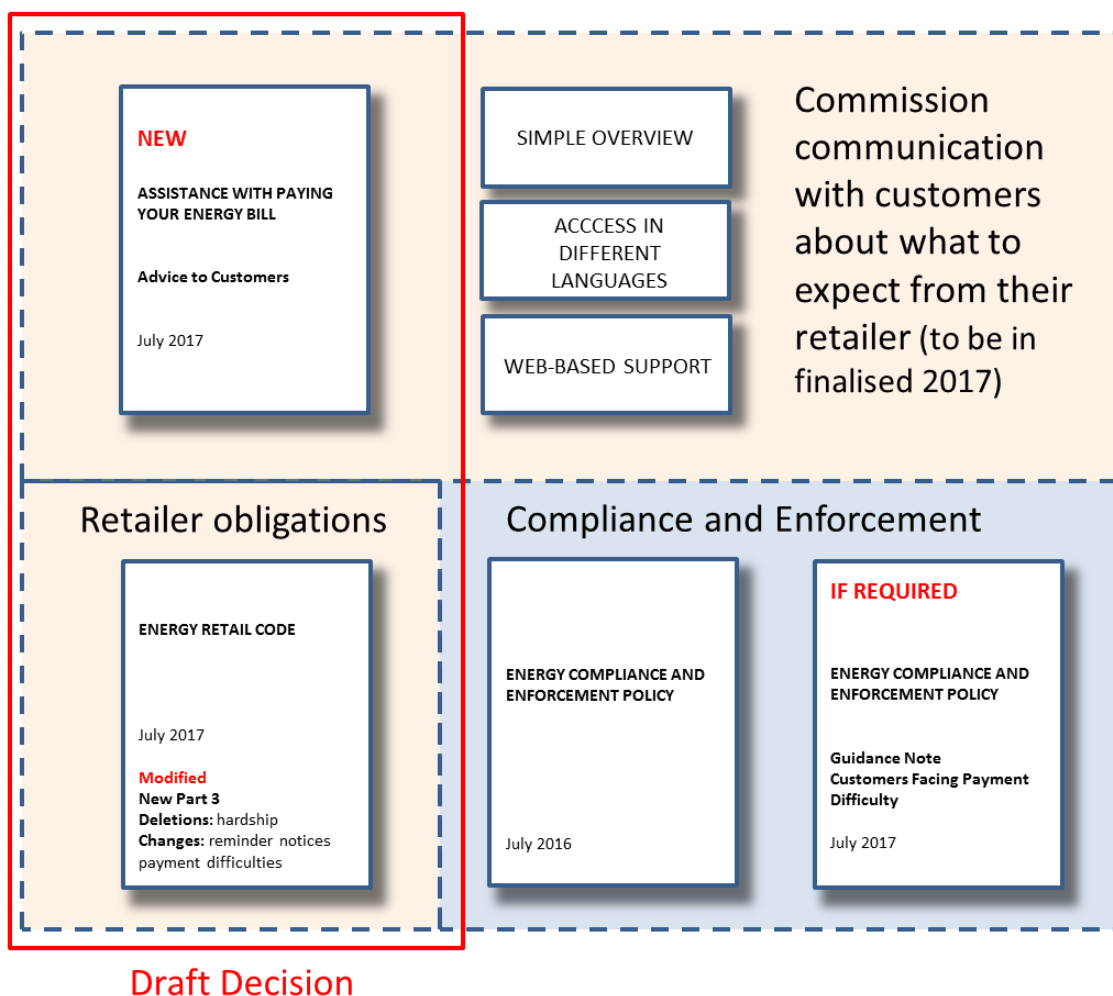
We will invite energy companies to work closely with the Commission in the development and delivery of their implementation plans, to transition to the new framework in the first half of 2017.

¹ See <http://www.esc.vic.gov.au/project/energy/30280-interim-approach-to-energy-compliance-and-enforcement>

In administering the new framework, we will have regard to the Manual where the particular circumstances of a case do not clearly fall within the provisions of the Code (see chapter 3 for further discussion).

If necessary, in the light of practical experience of the operation of the framework, we may publish guidance on particular matters of interpretation (as envisaged under the *Compliance and Enforcement Policy*).

FIGURE 2.6 THE ARCHITECTURE OF THE NEW PAYMENT DIFFICULTIES FRAMEWORK



3 DESIGN OF THE FRAMEWORK

Following the publication of our Inquiry, we commenced discussions with energy retailers and other stakeholders on the design of a scheme of regulation to assist customers facing payment difficulty consistent with our new objective.

We consulted on the architecture as set out in section 2, and then on preliminary drafts of *Energy Retail Code* (the Code) and Customer Advice Manual (the Manual) that closely mirrored the proposal outlined in the Inquiry. During this consultation, energy retailers provided significant additional information to us about their existing systems.

In the Inquiry, we found that the nature of assistance provided to customers varies widely. Through our subsequent consultations it became clear that the operational procedures that retailers use to engage with customers facing payment difficulty also vary widely. Most importantly, the information systems and business processes that underpin retailer interactions with their customers have very different capacities. We have been mindful of these limitations in the design of the framework.

Stakeholders also provided feedback that in attempting to address the wide range of circumstances leading to payment difficulty, and deliver the full range of assistance contemplated in the Inquiry, the Code would need to be extremely long, complex and prescriptive. This was contrary to our objectives (as expressed in the Inquiry) that the framework needs to focus on the outcomes for customers and provide retailers with scope to innovate and pursue best practice.

As a result of both the new information and feedback, we concluded that we needed to change our approach to the design of the regulatory framework. Although we have retained the purpose, principles and broad architecture from the Inquiry, we have substantially streamlined and simplified our proposal.

While the Code has been simplified, we have also responded to the expectations of retailers that their obligations will be clear. By establishing a safety net of minimum

standards we have been careful to provide scope for retailers to be innovative and forward thinking in the design and delivery of assistance.

3.1 CUSTOMER ENTITLEMENTS

At its heart, the framework we propose is about empowering customers facing payment difficulty to take control of their energy use and manage their payments.

We consider that when customers contact their retailers, they should not 'put onto' a payment plan. Rather, payment plans are arrangements proposed by a customer, who has been given practical and relevant information about the cost of their energy use.

We have designed the framework to shift the focus from mere compliance with obligations set by the regulator, to a focus on assisting customers in need. We consider that this customer centred approach is critical in our increasingly dynamic energy market. This approach will require changes not only to retailer systems and processes, but also in some cases to retailer cultures. Without these changes, it will not be possible to provide the community and the Government with assurance that disconnection is an action of last resort.

As a result, a series of customer entitlements to assistance provide the structure for the framework. This structure is outlined in figure 3.2.

3.2 STRUCTURE OF THE FRAMEWORK

In the Inquiry we set out five different types of payment difficulty, with three elements of assistance required for each type. The three elements of assistance are payment plans, assistance with energy management, and referral of customers to other support agencies and schemes. In light of the new information since our Inquiry, we have now concluded that this level of granularity is likely to be too costly to implement.

As a consequence, we have reduced the number of types of payment difficulty to four, with clear distinctions between them. We have retained all three forms of assistance

for each type of payment difficulty, however, we have streamlined the level of assistance when customers are able to pay for their on-going energy use.

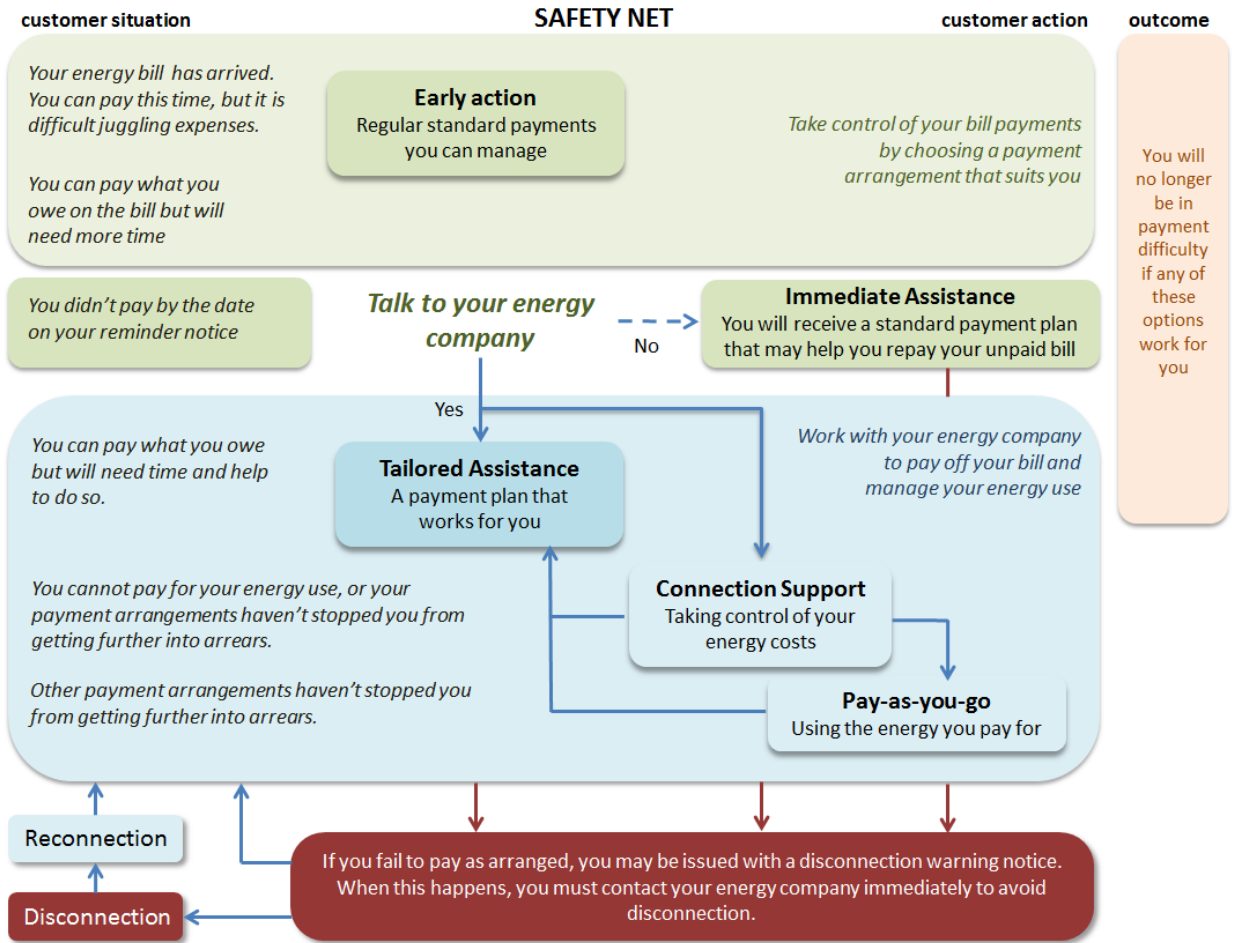
Consistent with the Inquiry, our proposal reserves the greatest assistance to customers who cannot pay for their energy use, and are therefore in the most payment difficulty.

Throughout the framework, we emphasise that:

- retailers can always do more than the minimum standards; and
- retailers can make greater efforts to communicate than those required under the framework.

The framework therefore promotes retailer opportunities to work with their customers to help them with their payment difficulties.

FIGURE 3.2 STRUCTURE OF THE FRAMEWORK



3.3 OPERATION OF THE FRAMEWORK

In the Inquiry, we concluded that the assistance that should be provided to customers would operate alongside the existing billing and collection cycles.

The billing cycle is the process by which a retailer reconciles a customer's account at a point in time and issues the customer with a bill. The frequency with which a customer receives a bill is determined by the customer's contract, and typically varies between monthly and quarterly for electricity, and every two months for gas.

The collection cycle is the process by which a customer who doesn't pay their bill by the due date is reminded how much they owe, and advised of what they need to pay and by when to avoid the risk of disconnection.

During our consultation on the design of the framework, we found that retailers were asking us to set out in exhaustive detail how the processes set out in the framework proposed in the final report of the Inquiry would interact with these existing cycles. We have concluded that this is neither possible nor desirable.

As a consequence, rather than operating alongside the billing and collection cycle, the framework is now based on these pre-existing cycles. Our proposed framework operates on the basis of:

- bills
- reminder notices
- payment plans, and
- disconnection warning notices.

These are well-established, and well understood, components of the systems and processes retailers already have in place.

As a result, the framework will operate using existing systems, rather than requiring new and costly systems. We recognise that existing systems will need to be modified to meet the new minimum standards required by the safety net, and that these changes will come at a cost. However, our proposal does not require new systems to be built from scratch and also eliminates the cost and complexity of integrating new and existing systems. We believe that this will result in significantly lower costs and

therefore 'savings' for retailers compared to the cost of the changes we envisaged at the time of our Inquiry.

Nonetheless, we recognise that the cost of making changes to existing systems will depend on the form and content of the regulatory framework.

3.4 CONTENT OF THE FRAMEWORK

As a result of the simplification of the structure and operation of the framework, we have also reviewed the need for some of the design features we contemplated during the Inquiry. The key changes to the content of the framework are highlighted below.

3.4.1 IMMEDIATE ASSISTANCE

During our consultation, retailers expressed concern that the framework would require them to provide assistance to customers who neither wanted nor needed it. They were particularly concerned about *Immediate Assistance* where in certain circumstances customers would be automatically placed on a payment plan.

We have clarified *Immediate Assistance* to ensure that only customers that do not engage with their retailer receive this default form of assistance. This ensures that these customers do not fall through the cracks, and do not build up the levels of arrears that we found during the Inquiry.

Retailers also expressed a view that an automatic entitlement to assistance would in some way affect their capacity to communicate with their customers. This was never our intention and the framework now makes it expressly clear that it does not.

Nonetheless, we have taken into account new information about how retailers do try to engage with their customers when a bill is not paid on time such as SMS, email and phone calls. The framework also makes it clear that retailers can continue to use these communication mechanisms and we have allowed five business days for this to occur, before a reminder notice must be issued. There is no obstacle to retailers continuing to communicate with the customers after the reminder notice has been issued.

3.4.2 TAILORED ASSISTANCE

When payment difficulties result in a customer missing a bill, early engagement with the retailer will enable the customer to understand the full range of assistance available to them in the form of either *Tailored Assistance* or *Connection Support*.

A residential customer who is in arrears and continues to pay for energy usage has an entitlement under *Tailored Assistance* to a flexible payment plan to repay arrears within 2 years. A customer can nominate the amount they wish to pay monthly off their arrears, but a retailer does not have to accept a nominated amount representing less than 25 per cent of payment of arrears in any 6 month period.

Tailored Assistance is the engine room of the framework.

If a customer with arrears is unable to pay for their energy use, then they are entitled to assistance under *Connection Support* in which a customer's debt is 'parked' for the duration of assistance. One of the successful outcomes from *Connection Support* is a switch by the customer to a *Tailored Assistance* plan.

In the Inquiry, we considered that customers may benefit from an entitlement to pay-on-time discounts in some circumstances.

In our consultation on the design of the framework, retailers raised the risk that this could create perverse incentives for customers not to make payments in accordance with a payment plan, in order to secure the pay-on-time discount. We were also concerned that such obligations could have created adverse incentives on retailers in providing assistance to customers.

After looking closely at the options available, we have concluded that there is no practical way of avoiding perverse incentives, and have therefore removed a customer's *automatic* entitlement to a pay-on-time discount. However, we stress, this option remains an incentive mechanism available to retailers and we will monitor the use of discounts in our biennial reports on best practice (see the final report of the Inquiry).

3.4.3 CONNECTION SUPPORT

Connection Support aims to assist customers who currently cannot afford their energy use. We recognise that this assistance, if delivered effectively, will be the most costly part of the framework for retailers.

In *Connection Support* there is a clear obligation on retailers to provide customers facing payment difficulty with the tariff that is most likely to minimise their energy cost, based on the retailer's knowledge of the customer's pattern of energy use. We expect retailers will keep available records of how they determined the most appropriate tariff for a customer on *Connection Support*.

During the Inquiry, many retailers and other stakeholders highlighted that a retailer and a customer need to work closely together if the cost of the customer's energy use is to be significantly reduced. Organisations and individuals that assist people with financial difficulties also highlighted the significant escalation of problems created when a customer has debts to multiple energy companies as a result of switching retailers. We therefore placed a restriction on switching for customers receiving *Connection Support*.

In our design of the framework we have included three different forms of *Connection Support*. These are a new form of assistance, *Promise to Pay*, along with *Energy Costs* and *Pay-as-you-go* that were considered during the Inquiry.

In our consultation on the design of the framework, retailers expressed concern about the restriction on switching applying to all forms of *Connection Support*. On further reflection we now consider that the restriction on switching should be limited to *Energy Costs*, where there is the strongest need for customers and retailers to work closely together.

3.4.4 PROMISE TO PAY

The additional information provided by retailers highlighted that there was a particular form of payment difficulty that had not been effectively accounted for in the Inquiry, namely, customers who may have a severe but short term inability to pay their energy bill.

We have therefore concluded that in these circumstances retailers should be given the discretion to accept a customer's *Promise to Pay* for:

- their energy use and arrears within three months, or
- their on-going energy use within three months and any arrears accrued would be repaid through a *Tailored Assistance* Payment Plan at the end of three months.

3.4.5 ENERGY COSTS

In the Inquiry, we set out three different methods by which retailers could provide energy management assistance to customers.¹

In our consultation on the design of the framework we received feedback that these methods, while targeting the different needs and circumstances of customers, would create substantial complexity and cost. As a consequence we have streamlined the framework to include a single method only – a tailored energy management plan.

We also envisaged that *Energy Costs* would be able to be reduced over a three month period by the customer and retailer actively working together. However, we also received feedback that it may take more than three months for a customer and retailer to work together to reduce energy use to an affordable level. We have therefore provided retailers with the discretion to extend *Energy Costs* assistance for a further three months. We will expect retailers to keep available records of their reasons for extending or not extending the length of an *Energy Costs* plan.

3.4.6 PAY-AS-YOU-GO

In the Inquiry, we considered that there may be merit in requiring an independent third party to provide information to a customer prior to them accepting a *Pay-as-you-go* arrangement.

¹ The final report of the Inquiry (page 87) provided three options for retailers to provide energy management assistance through a performance based approach, a conduct based approach or a Guaranteed Service Level payment.

In our consultation on the design of this framework, we received widespread feedback that the proposed mechanism would add little value and come at significant cost. We also received feedback suggesting there may be no independent body ready to undertake this role.

As a result of the changes we have made to the proposed structure and operation of *Connection Support*, we consider that the requirement for retailers to arrange for a third party to provide information to a customer prior to them accepting a *Pay-as-you-go* arrangement should no longer be required. Once the framework is implemented, we will work with Energy and Water Ombudsman Victoria to monitor whether this conclusion was justified.

3.5 CONSEQUENTIAL AMENDMENTS

A consequence of basing the operation of the framework on the existing billing and collection cycles is that it reinforces the critical importance of reminder and disconnection warning notices in providing customers with important protections from disconnection.

We consider that it is essential that there is consistency and clarity for customers about these notices. We have therefore proposed some important consequential amendments to these parts of the Code.

3.5.1 REMINDER NOTICES

Currently, there is no obligation on a retailer to issue a reminder notice. There is also no defined reminder notice period. We consider that reminder notices are a critical protection for customers facing payment difficulty.

The purpose of a reminder notice is to alert customers to the fact that they haven't paid their bill. A reminder notice should also provide clear advice about what assistance is available.

We consider that a reminder notice should be issued no later than five business days after the due date of the bill. We also consider that the reminder notice period should be six business days, which is the minimum period currently required by the Code.

3.5.2 DISCONNECTION WARNING NOTICES

Disconnection warning notices are the final and most significant protection for a customer facing payment difficulty. A disconnection warning notice tells a customer what they need to do to avoid the risk of disconnection. Currently, there is a lack of clarity about the purpose and content of disconnection warning notices.

We have therefore set out that a disconnection warning notice should provide clear and unambiguous information about what a customer needs to do (and by when) to avoid the risk of disconnection.

4 CONSULTATION

We have released this draft decision for public consultation in accordance with our charter of consultation.

The purpose of the public consultation is to seek feedback from all interested parties on the proposed framework.

We are particularly interested in receiving feedback and information on both the benefits and costs of the proposed framework for:

- energy consumers including, in particular, low income and vulnerable customers;
- energy retailers;
- dispute resolution bodies; and
- community agencies.

4.1 COSTS AND BENEFITS

We consider that the proposed framework largely standardises a range of existing retailer practices to improve transparency, consistency and accountability for all customers facing payment difficulty. The framework also provides for retailer innovation. All of the assistance measures included in the proposed framework are already being offered by one or more energy retailers in Victoria.

We welcome submissions that provide data on how the proposed framework will change:

- the incentives for customers to engage with their retailer when experiencing payment difficulties

- the expected cost of participation in dispute resolution for customers, financial counsellors, welfare and other agencies, and Energy and Water Ombudsman Victoria
- the risk of enforcement action by the Commission and imposition of penalties
- the cost to retailers of complying with obligations under their existing hardship policies, such as assessing eligibility and capacity to pay
- the cost to retailers of complying with the obligation to have regard to a customer's capacity to pay in establishing payment plans
- the need for interpretation and value judgment of customer circumstances
- the capacity to automate the delivery of assistance
- the levels of customer debt.

We also welcome submissions that provide data on how the proposed framework will change:

- customer awareness of entitlements to assistance and how to access that assistance
- barriers to customers accessing assistance
- the cost to customers of obtaining assistance
- how customers access assistance
- the capacity of customers to manage their payment difficulties
- the assistance available when a customer's circumstances change
- the level and impact of consumer energy debt
- consumer confidence in the industry

Submissions are invited on the scope of energy saving measures that could make a material contribution to reducing the cost of the customers' energy use, and the cost of these measures.

In our design of the framework, we have paid particular attention to the costs of retailer system changes and other costs that will be required to implement the proposed framework.

In our informal discussions with retailers, we have been advised that the main costs relate to modifying the systems required for the operation of the new framework including billing and payment system changes.

We welcome submissions that provide data on the cost of the transition to the new framework.

4.2 SUBMISSIONS

We invite submissions from interested parties, including energy licence holders and other stakeholders, on the proposed changes to the *Energy Retail Code* and the new *Customer Advice Manual*.

Submissions should be submitted preferably in electronic format by **5.00pm on 18 November 2016**.

Submissions can be emailed to **paymentdifficulties@esc.vic.gov.au**.

You can also send submissions by mail, marked Submissions to Payment Difficulties Framework, to:

Essential Services Commission

Level 37, 2 Lonsdale Street

Melbourne Victoria 3000

The Commission's normal practice is to make all submissions publicly available on its website. Please identify clearly any confidential or commercially sensitive information that you do not wish to be disclosed publicly.

APPENDIX 1 CUSTOMER ADVICE MANUAL

SAFETY NET FOR VICTORIAN ENERGY CONSUMERS FACING PAYMENT DIFFICULTY

CUSTOMER ADVICE MANUAL

Stay in Contact to Stay Connected



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28 Our final message to you

WELCOME

Stay in Contact to Stay Connected



From 1st July 2017 a new safety net for customers in Victoria came into effect.

The safety net is based on the following principles:

- you need to stay in contact with your retailer to stay connected
- your retailer should be understanding and supportive of the assistance you need
- you decide how much to pay if you've fallen behind on your account. As long as the amount you offer to pay meets the minimum requirement for each type of assistance your retailer must accept it
- you have choice about how you can repay a missed bill. You also have choice about what to do if you're finding it difficult just to pay for the energy you're using.

You can work out what type of assistance you are entitled to using the diagram in Figure one below.

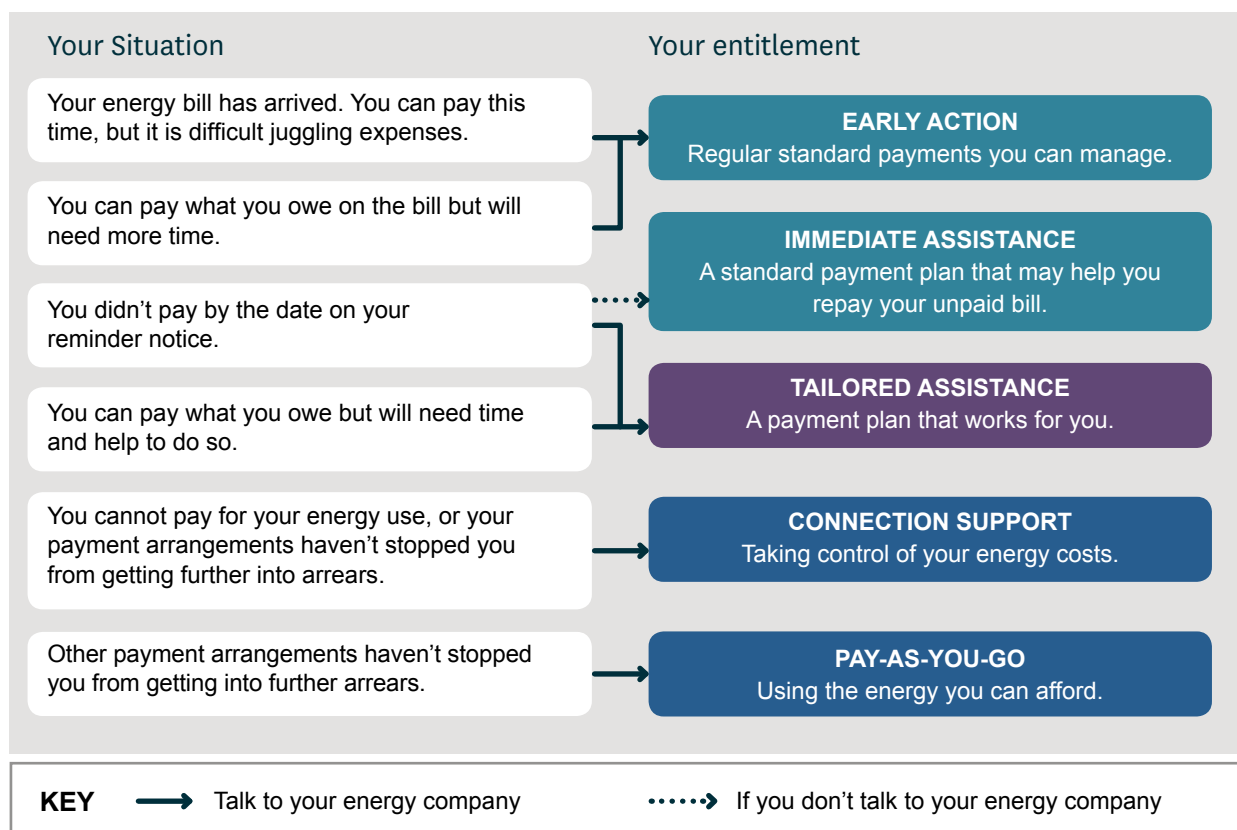
Your energy company can offer you more assistance than is required by the safety net, but they still must meet the minimum requirements.

Your energy company cannot demand personal information or make support available dependent on you providing that information.

You can contact the Energy and Water Ombudsman Victoria at any time if you feel the safety net hasn't been applied properly or if you have any other concerns or queries.

This manual provides details of your entitlements to assistance.

Figure one: Working out your entitlements



About this manual

This manual is designed for organisations and individuals who are assisting residential energy customers who are having difficulty paying their energy bills.

It is written from a customer's perspective, and explains what assistance they are entitled to receive under the new safety net and what they should expect when they contact their retailer.

In this manual energy bill means a gas or electricity bill. Customer means a residential customer.

This manual is made under section 13 of the *Essential Services Commission Act 2001* (Vic).

What is payment difficulty?

Payment difficulty can happen for all sorts of reasons. It may be something temporary, or it could be on-going. Every situation is different. What is the same is that you cannot pay (in full or in part) for your energy use by the due date.

You may for example:

- be juggling to pay various expenses, and would like to be more in control of how, or how often you pay your energy bill
- be able to pay what you owe on your bill but need more time
- have missed paying a bill that was due
- be able to pay your arrears but will need time
- have a payment plan, but are finding it hard to pay as arranged
- be finding that your energy use is too high, compared with what you can afford to pay
- not be able to reduce your energy use and can't pay for the energy you are using.

The safety net enables you to get assistance from your energy company to get on top of your bill payments, but it requires you to stay in contact to stay connected.

Structure of this manual

There are two parts to this manual.

Part one is about ***what you can do if you can't pay your bill***. This part provides an overview of the new safety net for customers facing payment difficulty.

Part two highlights the ***key way to make the safety net work for you***. This part also includes information about community-based supports and energy efficiency information available to energy customers facing payment difficulty.

PART ONE:

WHAT YOU CAN DO IF YOU CAN'T PAY YOUR BILL

About the safety net

From 1 July 2017, a new safety net for customers facing payment difficulty was introduced.

What's changed?

Your electricity and/or gas is supplied to you under a contract with your energy company. Your energy company must supply you with energy according to the price and conditions in your contract. Your obligation under the contract is to make payments for your energy use when they are due.

However, for one reason or another you may not be able to pay your bill when it is due. Sometimes you know this in advance; sometimes it just creeps up on you. In other words, you find yourself in payment difficulty.

A new safety net for Victorian customers facing payment difficulty (referred in this document as 'the safety net') has recently been introduced. It sets out the minimum level of help you can expect from your energy company when you talk to them about your energy bills. This means that you will be required to stay in contact to stay connected.

The safety net makes sure that you can get help to:

- avoid getting into arrears
- repay arrears in a manageable way
- stay connected to energy supply.

If you are disconnected, the safety net also outlines what you can do to be reconnected.

The safety net entitles you to a range of assistance from your energy company. The core of the safety net is **a payment plan that works for you**. The payment plan enables you to pay for the cost of your energy in a manageable way and repay any arrears over a reasonable period of time. Around this are two types of support aimed at helping you to stay connected. These are assistance to:

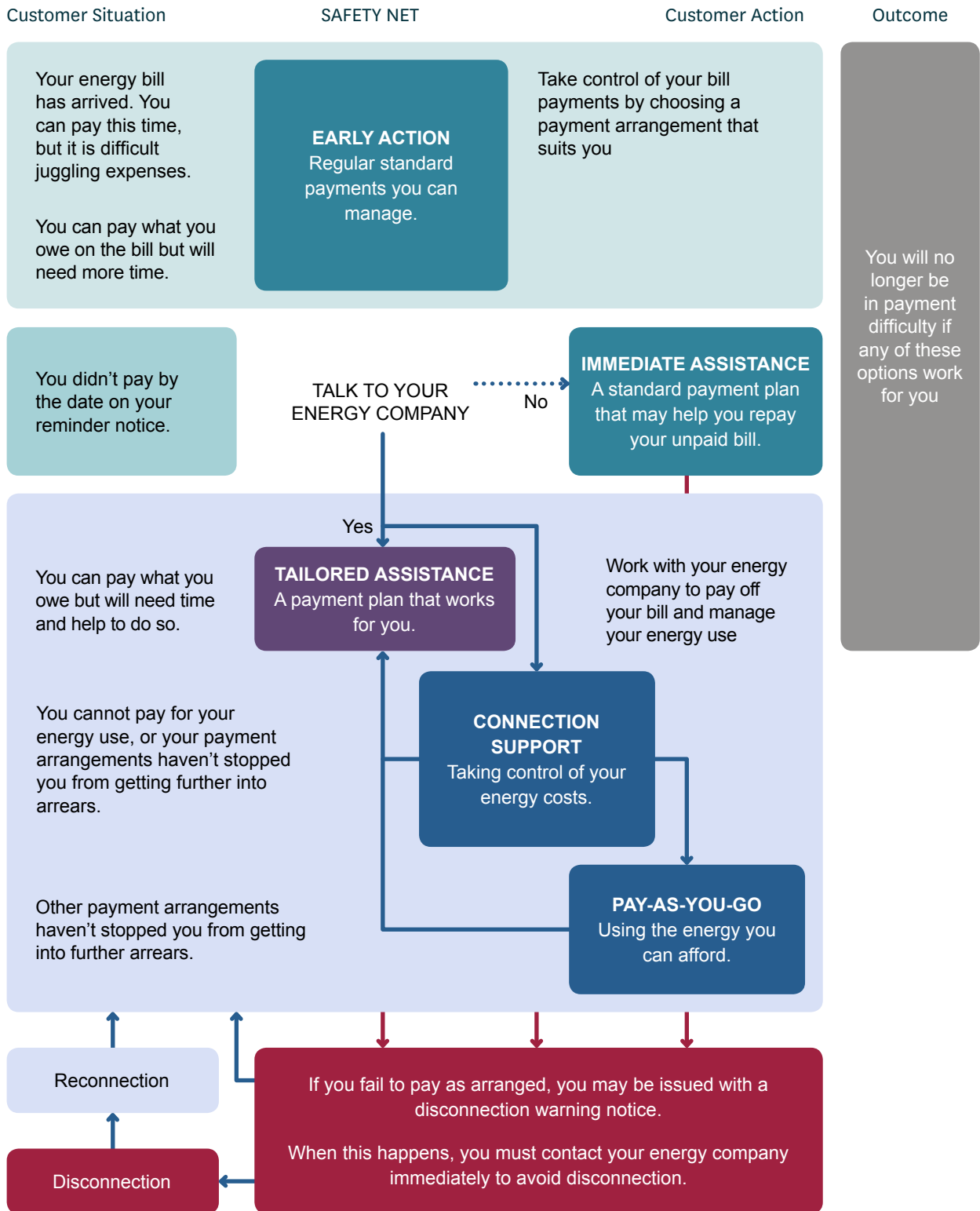
- manage your energy costs, and
- access government and community services to help with your financial or personal situation.

The safety net is designed to make sure that you get help from your energy company to stay connected.

Your entitlements

When talking to your energy company about your entitlements to assistance under the new safety net, you are not required to tell your energy company about your personal or financial circumstances. You are entitled to assistance regardless of your circumstance as long as you make the payments you arrange.

Figure two: the new safety net.



Early action – take control of your bill payment

Payment difficulty can happen when you get a larger bill than usual, or the bill comes when you were not expecting it. This may be making it hard for you to pay on time.

Your payment difficulty could be a one off, or something seasonal (such as higher bills in winter). Whatever the reason you may find it useful to take control of your energy bills by setting up regular standard payments that you can manage.

REGULAR STANDARD PAYMENTS (Early Action)

Take control of your bill payment

Your situation	You are juggling paying your bill and other expenses, and would like more control over how you pay your energy bills
What you can do	Call your energy company or go online to: <ol style="list-style-type: none"> 1. Spread your payment over 12 months (Bill smoothing) 2. Change how much and how often you pay your bill 3. Defer paying your bill for one month
How will this help your situation?	You will have more control over your budget expenses, and will have more time to catch up on your bills.
How can you achieve this?	<ul style="list-style-type: none"> • Go online • Talk to your energy company

How early action works

By taking early action, you can have more control over how often and how much you pay. You can reschedule your payments in a way that suits your circumstances, and helps you to have more control over your budget.

This can be done either by calling your energy company, or going online.

There are three different options you could choose from to reschedule your payments. You can:

- arrange to pay the **same amount each month based on an estimate of your annual energy use**. Energy companies sometimes call this 'bill smoothing'
- arrange to make **smaller payments more often to help avoid receiving large bills** (for example, pay once a month, or once a fortnight rather than waiting for large bills every three months)
- automatically **defer payment for one bill for up to one month**, as long as you have not already deferred a bill or been issued with a disconnection warning notice in the past 12 months.

If you are already receiving a monthly bill and you defer paying for a month, next month you will need to pay the cost of two month's energy.

If none of these options work for you, you should talk to your energy company to find out what other types of assistance may be available.

A payment plan that works for you - Tailored Assistance

If you have missed paying a bill, you owe money to your energy company. This means that you are 'in arrears'. The most important thing to do if you are in arrears is to keep paying for your on-going energy use. Your energy company will normally add your arrears to your next bill. But paying for the energy you are using at the same time as paying off your arrears in one go can be hard. If you contact your energy company, you are entitled to receive Tailored Assistance to repay your arrears, by setting up a payment plan **that works for you**.

A PAYMENT PLAN THAT WORKS FOR YOU (Tailored Assistance)

Work with your energy company to pay off your bill and manage your energy use

Your situation	<p>You didn't pay a bill by the Due Date</p> <p>You can pay what you owe but only in manageable instalments</p>
What you can do	<p>Call your energy company to talk about a payment plan that works for you so that you can:</p> <ul style="list-style-type: none"> • pay off what you owe and what you use • pay in manageable instalments. <p>You can also:</p> <ul style="list-style-type: none"> • get advice on things you can do to reduce energy use • get information about government rebates, concessions and relief schemes • change instalment amounts as long as you continue to pay for what you use • pay off what you owe faster if your circumstances change.
How will this help your situation?	<p>You will have:</p> <ul style="list-style-type: none"> • paid off what you owe on your bill within two years • had time to get on top of your expenses • continued to be connected.
How can you achieve this?	<p>Talk to your energy company</p>

How a payment plan works

When you have missed a bill, or you are worried about how you are going to pay your next bill, you should contact your energy company straight away to talk about your options for staying connected. One of the options that you will be given is a payment plan that works for you. Your energy company will explain:

- what a payment plan is and how it works
- the cost of your current energy use
- how much money you owe.

You should use this information to set up a payment plan that works for you by telling your energy company how much you can pay each month.

It is your payment plan.

Under the safety net, your energy company must accept the amount that you propose to pay each month, as long as it:

- covers the cost of your on-going energy use, and
- enables you to pay what you owe within two years, and
- helps you repay at least a quarter of what you owe every six months.

You can also talk to your energy company about practical ways to reduce your energy use, or about any government energy rebates, concessions or relief schemes that you may be entitled to. These things might help you save money on future bills, or make your current bill payment more manageable.

It's about making it work for you

A payment plan that works for you is at the core of the safety net. This is because setting up a plan tailored to your needs and circumstances is the best way to help you pay what you owe and keep paying for what you use. It gives you an effective way to stay connected and get out of payment difficulty.

You are entitled to change your payment plan if your circumstances change. You are entitled, as a minimum, to change the amount of payments once every six months.

You are always entitled to pay for what you owe sooner, or make more frequent payments.

If you pay sooner or make more frequent payments, this will make it easier if you face payment difficulty again in the future.

Once you've paid what you owe, you are entitled to go back to paying your bills at the same frequency as before your payment difficulty, or you might like to take up one of the Early Action options explained on page 9.

When you talk to your energy company about a payment plan, you are not required to tell your energy company about your personal or financial circumstances. If your energy company indicates that they cannot help you unless you provide your personal or financial information, you should politely decline. You may also want to contact the Energy and Water Ombudsman Victoria (EWOV) on 1800 500 509.

About your payment plan

A payment plan is an arrangement between you and your energy company about how you pay for your energy use, your arrears or both.

Once you have set up your payment plan with your energy company, your energy company must inform you in writing about the payments you have advised that you will make.

You should be provided with information that includes:

- how much money you owe
- how your payments will be spread out
- a schedule of how much you pay each month, and the date each payment is to be made
- the circumstances in which a disconnection warning notice will be issued
- advice on practical actions to reduce energy use
- any government-funded energy charge rebates, concessions or relief schemes you may be entitled to.

When you have a payment plan, you are entitled to assistance from your energy company to:

- find out about where you can get help from local community agencies to improve your financial and personal situation. Your energy company can't provide this help, but they have information about who in your local area can help
- help manage your energy use and reduce energy costs by providing information about (1) your energy use, (2) ways to reduce your energy costs, and (3) practical assistance to help you reduce how much energy you use.

If your payment plan works for you, you don't need to do anything except pay the minimum amount each month. Your energy company will automatically adjust your account and what you owe depending on how much you pay.

You are always entitled to pay what you owe sooner, or make more frequent payments if your circumstances change.

You are always entitled to contact your energy company any time to find out the amount due on your next payment, and when it is due.

If you fail to make a payment by the due date, you may be issued with a Disconnection Warning Notice.

Missed payment – Immediate Assistance

Sometimes you might miss a payment due date on a bill. You will be sent a reminder notice when this happens. However, if by the end of the reminder notice period, you have still not paid the bill, or contacted your energy company to arrange a payment plan that meets your needs, your energy company will send you a payment plan (referred to in this manual as the ‘standard payment plan’).

MISSED A PAYMENT (Immediate Assistance)

Talk to your energy company

Your situation	You didn't make payment by the scheduled date. and You still haven't paid and are in arrears to your energy company
What you can do	Call your energy company immediately to find out about the assistance you are entitled to receive and/or Make payment according to the Payment Plan sent by your energy company
How will this help your situation?	You will not have to repay what you owe in one go. You will be able to pay what you owe in monthly instalments. If you pay the instalments in your Payment Plan, you will pay off what you owe on your bill in three to nine months. The length of your Payment Plan will depend on how often you receive your regular bills
How can you achieve this?	Your energy company will send you a Payment Plan for your arrears.

How standard payment plans work

When you miss a payment, your energy company will send you a reminder notice to pay your bill. You should contact your energy company straight away to talk about your options for paying what you owe and staying connected.

If you don't contact your energy company by the date on the reminder notice, your energy company will send you the standard payment plan. The standard plan gives you a set amount of time to repay what you owe, with the length of time worked out by how often you receive your bill.

Billing frequency	Length of time to repay what you owe
Quarterly	nine months to repay
Every two months	six months to repay
Monthly	three months to repay

When you are repaying what you owe through a standard payment plan you still need to pay your normal energy bills for the energy you use.

If the standard payment plan does not work for you, you must contact your energy company to talk about a payment plan that would work for you.

It is extremely important that you *stay in contact to stay connected*.

When you have a payment plan, you will not receive a reminder notice if you miss a payment.

If you miss a payment by the due date and you don't contact your energy company, you may be issued with a disconnection warning notice.

If this happens, you should immediately contact your energy company to avoid disconnection.

What happens if I don't make my payments as arranged?

You must *stay in contact to stay connected*.

If you know you are not going to be able to make a payment, you should immediately contact your energy company to talk about your options. Explain that you cannot pay and tell your energy company what you can pay.

If you don't talk to your energy company, and you fail to make payment by the due date, you may be issued with a Disconnection Warning Notice. If this happens, you should immediately contact your energy company to avoid disconnection.

Taking control of your energy costs - Connection Support

If you often or always find it difficult to pay your energy bills, you are entitled to additional assistance.

This could be because the cost of your energy use is higher than it needs to be. It may also be because of personal circumstances.

In these circumstances it is extremely important that you receive help to get more control of your energy costs and stay connected.

You may be able to access three different forms Connection Support:

- Promise to Pay
- Energy Costs
- Pay-as-you-go.

These additional forms of assistance require you to work closely and cooperatively with your energy company.

Your energy company must provide you with additional assistance, but you must do your share to make it work for you.

Connection Support – Promise to Pay

If you know that your payment difficulties are only short term, you may contact your energy company to see if they will accept a promise to pay.

HELPING YOU OVER A SHORT TERM PROBLEM (Promise to Pay)

Work with your energy company to pay your bills and pay off your arrears

- Your situation**
- You cannot pay your current energy bill
 - Your payment difficulty will not be solved by deferring payment by one month
 - You have a very good reason to know that your circumstance will change within three months.

- What you can do**
- You can contact your energy company and make a promise to pay:
- what you owe and the cost of your on-going energy use by the end of three months;
- or
- your energy use by the end of three months and your arrears through a Tailored Assistance payment plan.
- It is up to your energy company whether to accept your promise to pay.**
- If your energy company does not accept your promise to pay, they must advise you about your entitlement to Energy Costs assistance.

- How will this help your situation?**
- You will have:
- continued to be connected
 - minimised the amount of your arrears
 - got back on track with paying your energy bills.

- How can you achieve this?**
- Talk to your energy company

Connection Support – Energy Costs and Pay-as-you-go

If you do not think you will be able to pay for all of your energy use over the next three months, the safety net will help you stay connected.

When you are receiving Connection Support your energy company will not ask you to pay any arrears.

Connection Support aims to help you take control of your energy use and costs.

There are two forms of this support.

- Energy Costs (three months)
- Pay-as-you-go (three months).

You may not need both forms of assistance.

You will have at least six months to take control of your energy costs while you are receiving these forms of assistance.

Connection Support – Energy Costs

If your energy costs are more than you can pay on an on-going basis, your energy company will help you to reduce these costs.

TAKING CONTROL OF YOUR ENERGY COSTS (Energy Costs)

Work with your energy company to manage your energy use

- Your situation**
- Even with a payment plan, you find it difficult to keep up with your payments
 - Your energy use is too high for what you can manage to pay
 - You would like help to reduce the cost of your energy use to keep future bills manageable.

What you can do Call your energy company to talk about staying connected while paying for what you use over the next three months.

During this time, you can:

- make payments towards your energy use while getting help to reduce your energy costs
- work with your energy company on an energy management plan to reduce your energy use and save on energy costs over time
- follow up on contacts provided by your energy company for support services to see if they can help you manage your finances.

- How will this help your situation?** You will have:
- stayed connected
 - received help with practical actions to reduce the cost of your energy use.
 - reduced your energy use to save money over time
 - been connected to organisations that may be able to help to improve your financial situation.

How can you achieve this? Talk to your energy company

How the energy cost payment plan works

If you can pay at least 66 per cent (or two-thirds) of the cost of your current energy use over the next three months, you are entitled to an energy cost payment plan. Under this plan, your energy company will:

- provide you with a schedule of fortnightly payments towards your energy use based on the amount you nominate, and will add the amount you don't pay to your arrears
- arrange the tariff most likely to minimise your energy cost
- work with you to develop an Energy Management Plan (see below) to help you lower your energy use, in accordance with your household situation
- put you in contact with government or community services that may be able to provide additional help
- cooperate with any government or community service that is helping you with your financial or personal situation.

When you have an energy cost payment plan, you cannot switch to another energy company.

At the end of the three month period, you can leave the plan if you:

- pay off what you owe for your energy use while on the energy cost plan, plus all arrears in full, or
- pay off what you owe for your energy use while on the energy cost plan, and move to a different payment plan that works for you.

If these options are still not affordable for you, you will be invited by your energy company to enter a pay-as-you-go arrangement to pay for on-going use (see below), in order to avoid being issued with a Disconnection Warning Notice.

Energy Management Plan

The energy management plan is designed to help you reduce your energy costs. This will lead to a more affordable energy bill in the future. The energy management plan will have as a minimum:

- practical actions that you can take to reduce your energy cost
- the tariff most likely to minimise your energy cost
- assistance with appliance replacement and other activities that would likely lead to reducing the cost of energy you use.

Both you and your energy company must contribute to the cost of the energy efficiency measures included in the energy management plan.

It is up to you to decide whether you want assistance with appliance replacement. If you do want assistance you will have to contribute to the cost.

Your energy company is only required to make a financial contribution if you are already showing that you are working to reduce your energy consumption.

Your share of the cost of new appliances can be added to your arrears, and repaid over a longer period using your payment plan.

Your energy company will provide you with information about your energy use so that you can track and compare your energy costs.

Your energy management plan can be extended by a further three months if both you and your energy company can see that this is helping you reduce your energy cost.

Connection Support – Pay-as-you-go

If you haven't been able to reduce the cost of your energy use or have an Energy Costs payment plan and cannot make a payment, your energy company will tell you about your entitlement to pay-as-you-go assistance.

PAYING FOR ON-GOING USE

Pay-as-you-go

Prepay your energy use to stay connected

- Your situation**
- Even with help to reduce your energy use, you still cannot reduce it to the level you can afford.
 - You can pay as you go for energy on a fortnightly basis.

- What you can do**
- Call your energy company to arrange for payments in advance.
- Nominate the amount you will pay on a fortnightly basis over the next three months.
- During this time:
- you can continue to work with your energy company on a plan to reduce your energy use
 - you must increase your pre-payments if the cost of your energy use exceeds the nominated amount by more than 10 per cent.
 - you don't have to pay your arrears, as long as you continue to pay for your use in advance.
- By the end of three months, you can also:
- go back to a payment plan once your situation stabilises to pay off what you owe.

- How will this help your situation?**
- You will have:
- continued to be connected
 - more time to work on your energy use
 - more time to work on improving your financial situation.

- How can you achieve this?**
- Talk to your energy company

How pay-as-you-go works

Under pay-as-you-go, you are entitled to remain connected provided you pay for your energy use in advance. You won't be required to pay your arrears, only your on-going use. You will be paying fortnightly. During this time you could:

- continue to work on reducing your energy use, or getting help with improving your financial situation
- be asked to increase the amount you pay if the cost of your use is 10 per cent more than in the previous fortnight.

If your energy company contacts you to tell you that your energy use has increased by more than 10 per cent and you don't make adjustments to your payment, you may be issued with a Disconnection Warning Notice.

At the end of the three month period, you can leave the plan if you:

- pay off what you owe from the pay-as-you-go plan period, plus all arrears in full, or
- pay off what you owe from the pay-as-you-go plan period, and move into a payment plan that works for you.

What happens if I don't make my pre-payments as arranged?

You must *stay in contact to stay connected*.

If you miss a fortnightly pre-payment, your energy company will contact you and advise you that you must pay by the date the next fortnightly payment is due. If you don't make payment by that date, you may receive a Disconnection Warning Notice.

If this happens you should immediately contact your energy company to arrange to make your PAYG payment to avoid disconnection.

Reconnection

Under the safety net, disconnection will only be a last resort.

If you meet scheduled payments on your payment plan, and stay in contact with your energy company, disconnection should not occur.

However, disconnections can and do occur under certain circumstances, such as failure to meet scheduled payments or failure to contact your energy company when you can't make payments on your bill.

If you do become disconnected, you can re-establish connection – as long as you pay what was due on the date at which you were disconnected.

If you are a customer facing payment difficulty, and you have been disconnected from your energy supply, you are entitled to be reconnected if you:

- pay the amount that was due on a payment plan at the time you were disconnected, and
- you take up any of the options under the safety net.

However, if you have been disconnected twice in the last 12 months, you can only be reconnected if you take up the pay-as-you-go arrangement.

If you are disconnected, contact your energy company as soon as possible.

If your energy company is unhelpful, contact the Energy and Water Ombudsman Victoria (EWOV) on 1800 500 509.

PART TWO:

WAYS TO MAKE THE SAFETY NET WORK FOR YOU



The safety net provides customers facing payment difficulty minimum entitlements to ensure disconnection is a last resort.

The best way to make the safety net work for you is to *stay in contact to stay connected*. There are some things though, that you should know – and look out for – to make the best of your entitlements under the safety net.

This part of the manual highlights the things you need to consider, so that you take the right action at the right time. The information in this part should also help you make decisions about what your needs are, the supports you are entitled to, and how to go about staying connected.

Taking action to stay connected

When you are in payment difficulty, it is not easy to stay on top of everything. There are key things that you will need to do to make sure you don't get disconnected.

The safety net works best for those who make - and stay in - contact with their energy company. Working with your energy company means that you will be given help, and time, to work through your payment difficulty *while* staying connected the whole time.

Reminder notice

When you have so much going on, it could be very easy to miss your bill. Energy companies are required to send reminder notices when customers miss a bill payment. The reminder notice reminds you of the date your bill needs to be paid by.

If you fail to pay your energy bill, a reminder notice will be issued within five business days after the due date on your bill. The reminder notice will have on it:

- the date the reminder notice is issued, and
- give the amount and date, that you must pay by, and
- give information about the kind of help you can get if you are facing payment difficulties, and
- information about who to contact if you have a complaint or dispute.

Taking action before the due date will mean that you can discuss with your energy company a payment plan that works for you.

If you don't take action by the due date on the reminder notice, you will be sent a standard payment plan. Depending on your circumstance, this payment plan may not work for you. It is therefore very important that you contact your energy company so that you can work with them on a payment plan that will work for you.

Disconnection Warning Notice

While the safety net provides a range of help and support for customers facing payment difficulty, it requires customers to take action to avoid disconnection. Once a customer makes contact and stays in contact with their energy company, disconnection will be a last resort. However, if customers don't make contact, then the path to disconnection may be much shorter.

Disconnection warning notices will be issued to you if you miss a payment on your payment plan. Taking action when you receive a disconnection warning notice, and working with your energy company on an option that could work for you, will help you avoid disconnection.

Talking to your energy company

You are the best judge of what will work for you to get the results you need. When talking to your energy company, you don't need to talk about your personal or financial situation to get help under the safety net. The safety net guarantees the minimum help you can expect from an energy company when you are facing payment difficulty.

This also means that there is nothing to stop your energy company from going beyond the entitlements in this manual. Some energy companies have very good programs and assistance that their customers can access when they are facing payment difficulty. Talking to your energy company and asking about what they have to offer is a good start to making the safety net work for you.

However, if your energy company puts conditions on you before they sign you onto any of the entitlements under the safety net, you should contact the Energy and Water Ombudsman Victoria (EWOV) on 1800 500 509 and lodge a complaint.

If your energy company offers you additional assistance, you are not required to provide personal or financial information, make additional payments or agree to conditions in exchange. If your energy company tries to do so you should contact the Energy and Water Ombudsman Victoria (EWOV) on 1800 500 509 and lodge a complaint.

Centrepay

Customers facing payment difficulty can pay for their energy using Centrepay. If you are on Centrepay, and this is the most convenient payment option for you, you can request your energy company to arrange for your payments to come from Centrepay.

If you are on a contract where Centrepay is not available, your energy company is required to review your arrangements and, with your informed consent, transfer you to an alternative contract where Centrepay is available.

If after a review, your energy company cannot find an alternative, then they are required to make Centrepay available to you.

Your energy company is not allowed to charge you for any of these activities that make Centrepay available to you.

If you receive charges on these activities (such as early termination or other penalty) you should contact Energy and Water Ombudsman Victoria (EWOV) on 1800 500 509 to lodge a complaint.

Getting help with managing your energy use

Energy efficient appliances and other practical ways to keep your energy use down will help you save money on your bills.

Here are some other resources that you might find useful to help you work out what is most achievable for your circumstance.

Energy Audits

Your energy company may have programs that help reduce the cost of making the change to an energy efficient household. Talking to your energy company about your household energy situation and needs will help you work out what is achievable for your family.

Energy Saver Incentive Scheme

In Victoria there is an Energy Saver Incentive Scheme that provides discounts on a range of products that help you to reduce your energy consumption.

You may be eligible for the scheme when you buy a new energy-efficient product or appliance for your home. These products are usually installed by the accredited businesses.

Where can I find more information?

Switch On – switchon.vic.gov.au is a Victorian Government website that provides independent source of information for energy consumers. It has easy to follow tips and tools to help you take charge of your energy bill. From [how to get the best deals](#) to [ways to save on your bill](#), from [all things about bills, pricing & meters](#) to [different types of energy customers](#), the Switch On site is a great place to go to find out how your household compares with others, and what your options are if you want to save money on your energy bill.

Energy Saver Incentive Scheme – the switchon website also has an easy to understand page about the scheme which you can [access here](#).

Victorian Energy COMPARE – compare.switchon.vic.gov.au is an independent Victorian government price comparator, a tool that will help you make decision about the best offer based on your energy use.

Getting help with managing financial difficulties

Financial and personal difficulty can happen to anyone. When it does happen, there are places that you can go to for help. There are many community-based agencies that help families and individuals with practical and material support, linking them into services and help them get back on track. Below are some services that could help you if you experience financial and personal crisis.

Consumer Action Legal Centre (CALC) provides [free legal advice](#) about consumer law, and provides [financial counselling services](#) over the phone. The website can be found [here](#). There are also [self-help kits about consumer rights](#) that will give you tips and ideas about how to handle your consumer issue. Other resources include [a list of services](#) that can help with complaints and other consumer issues.

Money Help is an online resource managed by Consumer Action Legal Centre (CALC) and provides free financial counselling services over the phone, resources and information for people facing financial difficulty.

Money Smart is an online resource managed by the Australian Securities & Investment Commission (ASIC) that provides free and independent financial guidance and tools for people to manage their money smartly.

Crisis Referral Information System (CRIS) Online Directory provides a broad range of information for people seeking welfare assistance, advice and general referral and support. The online directory contains comprehensive information on services and organisations such as those providing support in respect to accommodation, domestic violence, drug & alcohol treatment, health, material aid and mental health.

Community Information and Support Victoria (CISVic) is the peak body representing local community information and support services. Its member agencies assist people experiencing personal and financial difficulties by providing information, referral and support services including emergency relief.

Saver Plus is an initiative of Brotherhood of St Laurence and ANZ, delivered locally by community organisations in 22 locations in Victoria. Saver Plus assists individuals and families on lower incomes to have every dollar up to \$500 saved over a 10-month period matched by ANZ to go towards education-related costs.

Good Shepherd Microfinance provides affordable financial programs for people on low or limited incomes. The **No Interest Loan Scheme (NILS)** provides access to fair and safe credit (up to \$1,200) for the purchase of essential goods and services delivered through a network of local community organisations in 650 locations across Australia, including through Community Information and Support Victoria and other community based services.

Making a complaint

The **Energy and Water Ombudsman Victoria (EWOV)** is an independent service that resolves disputes between Victorians and their energy and water company. You can lodge a complaint by calling Free call 1800 500 509 and by [going online](#). The website also has a treasure trove of [information](#), [fact sheets](#) and [videos](#) about a whole range of issues that energy customers most commonly experience. There is also information available in [other languages](#).



ESSENTIAL SERVICES COMMISSION

Level 37
2 Lonsdale Street
Melbourne Victoria 3000

ABN 71 165 498 668

Telephone 61 3 9032 1300 or 1300 664 969

Facsimile 61 3 9032 1301

Email reception@esc.vic.gov.au

www.esc.vic.gov.au

BUSINESS HOURS

8.30am to 5.00pm
Monday to Friday

Our final message to you

If you are having trouble meeting your payments, contact your energy company as soon as possible.

From July 1st 2017, your energy company has very clear obligations to help you.

Working cooperatively with your energy company will achieve the best result for you.

If you have any concerns about how your energy company is dealing with your situation, you can call the Energy and Water Ombudsman Victoria (EWOV) on 1800 500 509.

APPENDIX 2 ENERGY RETAIL CODE CHANGES

SAFETY NET FOR VICTORIAN ENERGY CONSUMERS FACING PAYMENT DIFFICULTIES

AMENDMENTS TO THE
ENERGY RETAIL CODE

October 2016

AMENDMENTS TO THE ENERGY RETAIL CODE

1 Part 3 substituted

For Part 3 substitute:

“Part 3 Safety net for residential customers facing payment difficulties

This Part sets out the minimum standards of assistance that *retailers* are required to provide to *residential customers* facing payment difficulties and minimum standards for their communications with such customers. These standards provide a safety net so that disconnection of a *residential customer* for non-payment is a measure of last resort. The entitlements that *residential customers* have under these standards are minimum entitlements. *Retailers* may choose to give their *residential customers* assistance additional to the entitlements established by this Part.

Division 1 Operation of this Part

71 Purpose and objective

- (1) The purpose of this Part is to set out the entitlements of *residential customers* facing payment difficulties to assistance from their *retailer*.
- (2) The objective of this Part is to assist *residential customers* to:
 - (a) avoid getting into, and accruing, arrears with their *retailer*; and
 - (b) pay any arrears in a manageable way; and
 - (c) continue to be supplied with *energy* as an essential service wherever possible.

72 Application of this Part

This Part applies only to *customers* who are *residential customers*.

73 Interpretation of this Part

The approach that the *Commission* will take to the interpretation of this Part is as follows.

- (a) clear words will be given their natural and ordinary meaning; and
- (b) if words appear to be capable of having more than one meaning, the *Commission* will have regard to the following, in the following order, in seeking to discover the intended meaning of those words:
 - (i) firstly, the objective of the relevant Division and, for Division 5, the relevant Subdivision; and
 - (ii) secondly, the purpose and objective of this Part; and

- (iii) thirdly, any relevant guidelines published by the *Commission* under section 13 of the *Essential Services Commission Act 2001* (Vic); and
- (iv) fourthly, any written advice issued to *residential customers* by the *Commission*.

Division 2 Early action

74 Objective

The objective of this Division is to provide *residential customers* with an entitlement to payment options to assist them to take early action to avoid getting into arrears.

75 Application of this Division

Subject to clause 76(2), this Division applies to all *residential customers*.

76 Bill smoothing, shortened payment period or delayed payment

- (1) The *retailer* must make the following options readily available to a *residential customer* who wishes to take advantage of them:
 - (a) a payment plan that provides a bill smoothing arrangement;
 - (b) a payment plan that provides for making payments at more frequent intervals;
 - (c) extending the *pay-by date* for a bill by one month.
- (2) The option referred to in subclause (1)(c) only extends to a *residential customer* who:
 - (a) seeks to take advantage of the option before the *pay-by date* for the bill; and
 - (b) has not in the previous 12 months been issued by the *retailer* with a *disconnection warning notice*.

Note:

See clause 98(2) for bill smoothing.

Division 3 Immediate assistance

77 Objective

The objective of this Division is to provide *residential customers* who have not paid a bill in full with an entitlement to a default payment plan.

78 Application of this Division

This Division applies to *residential customers* who have been issued with a *reminder notice* for a bill but as at the end of the *reminder notice period*:

- (a) have not paid the bill in full; and
- (b) have not received tailored assistance under Division 4 or connection support under Division 5 following contact between them and their *retailer*; and
- (c) are not otherwise in arrears.

79 Payments of arrears by monthly instalments

(1) Particulars to be included in reminder notice

Without limiting clause 109(4), a *reminder notice* issued in accordance with clause 109(3) to a *residential customer* who has not paid a bill in full must:

- (a) invite the *customer* to contact the *retailer* before the end of the *reminder notice period* to discuss the assistance available to help the *customer* with their payment difficulties; and
- (b) inform the *customer* that they will be provided with a payment plan under this Division unless, before the end of the *reminder notice period*:
 - (i) they have paid the bill in full; or
 - (ii) following contact between them and the *retailer*, they have received tailored assistance under Division 4 or connection support under Division 5.

Note:

See clause 109 for reminder notices.

(2) Contact between retailer and customer following issue of reminder notice

If there is contact between the *retailer* and the *residential customer* before the end of the *reminder notice period*, the *retailer*:

- (a) must inform the *customer* of their entitlements to assistance under this Part; and
- (b) may, instead of providing a payment plan under this Division, provide:
 - (i) tailored assistance under Division 4; or
 - (ii) connection support under Division 5.

(3) Payment plans under this Division

The *retailer* must provide the *residential customer* with a payment plan under this Division unless before the end of the *reminder notice period*:

- (a) the *customer* has paid the bill in full; or
 - (b) following contact between the *customer* and the *retailer*, the *customer* has received tailored assistance under Division 4 or connection support under Division 5.
- (4) A payment plan under this Division must enable the *residential customer* to pay their arrears by equal monthly instalments over a period that is 3 times the length of their billing period as at the *pay-by-date* for the bill.

Example:

The number of monthly instalments would be:

- (a) 3 if the *customer* was on monthly billing at the *pay-by date* for the bill; or
 - (b) 6 if the *customer* was on bi-monthly billing at the *pay-by date* for the bill; or
 - (c) 9 if the *customer* was on quarterly billing at the *pay-by date* for the bill.
- (5) The first payment under a payment plan under this Division must be made no later than one month after the *pay-by-date* for the bill.
- (6) On establishing a payment plan for a *residential customer* under this Division, the

retailer must in writing:

- (a) give the *customer* a schedule of the monthly instalment payments for their arrears; and
- (b) inform the *customer* of the date by which each payment must be made; and
- (c) warn the *customer* that a *disconnection warning notice* may be issued if the *customer* does not:
 - (i) make a payment in full by the date by which it must be made; or
 - (ii) contact the *retailer* before that date and receive tailored assistance under Division 4 or connection support under Division 5; and
- (d) inform the *customer* that they can pay more than the monthly instalment amounts set out in the schedule, including paying their arrears in full at any time; and
- (e) give the *customer* advice on practical action that the *customer* can take to reduce their use of *energy*; and
- (f) inform the *customer* about any government funded *energy* charge rebate, concession or relief scheme under which the *customer* may be entitled to assistance.

Division 4 Tailored assistance

80 Objective

The objective of this Division is to provide *residential customers* with an entitlement to pay their arrears over a period of up to 2 years.

81 Application of this Division

This Division applies to *residential customers* who have informed their *retailer* that they cannot pay their arrears in full.

82 Payments of arrears over 2 years

(1) Who is entitled to assistance under this Division

A *retailer* must provide assistance under this Division to a *residential customer* who:

- (a) is in arrears; and
- (b) informs the *retailer* that they will make monthly payments towards their *energy* use on the basis of an estimate of the amount of *energy* the *customer* will use; and
- (c) informs the *retailer* that they will make payments on a monthly basis towards their arrears.

(2) What retailer must do on engaging with customer

For the purpose of providing assistance under this Division, the *retailer* must when engaging with a *residential customer* facing payment difficulties:

- (a) inform the *customer* of their entitlements to assistance; and
- (b) advise the *customer* of the average cost of their monthly *energy* use over the

previous 12 months; and

- (c) obtain confirmation from the *customer* that they will make monthly payments towards their *energy* use on the basis of an estimate of the amount of *energy* the *customer* will use; and
- (d) ask the *customer* how much they propose to pay towards their arrears each month over a period of up to 2 years.

Note:

Before a customer proposes a monthly amount that they will pay towards their arrears, they should have received reliable advice from the retailer about the estimated cost of their energy use and the amount of their arrears..

- (3) The *retailer* must accept a proposal by a *residential customer* under subclause (2)(d) that would result in:
 - (a) the arrears being paid at the following rate:
 - (i) at least 25% by the end of 6 months; and
 - (ii) at least 50% by the end of 12 months; and
 - (iii) at least 75% by the end of 18 months; and
 - (b) the arrears being fully paid within 2 years.

(4) What retailer must do on providing assistance

On providing assistance under this Division, the *retailer* must in writing:

- (a) give the *customer* a schedule of monthly payments and a statement of the date by which each payment must be made; and
- (b) warn the *customer* that a *disconnection warning notice* may be issued if the *customer* does not:
 - (i) pay the monthly amount for their *energy* use as confirmed by them in accordance with subclause (2)(c) by the date by which that payment must be made; or
 - (ii) contact the *retailer* before that date to propose substituting a new payment amount for that previously proposed under subclause (2)(d) or to exercise their entitlement to connection support under Division 5; and
- (c) give the *customer* advice on practical action that the *customer* can take to reduce their use of *energy*; and
- (d) inform the *customer* about any government funded *energy* charge rebate, concession or relief scheme under which the *customer* may be entitled to assistance.

(5) Change to monthly payment amount

Subject to subclause (6), a *retailer* must accept a new monthly payment amount towards arrears proposed at any time by a *residential customer* receiving assistance under this Division, and make any necessary adjustment to the length of the payment plan, if the proposal satisfies the requirements set out in subclause (3).

- (6) A *residential customer* may not propose a new monthly payment amount more frequently than once in each 6 month period.
- (7) On being advised of a new monthly payment amount, the *retailer* must, in writing,

give the *customer* a revised schedule of monthly payments and a statement of the date by which each payment must be made.

Division 5 Connection support

Subdivision 1 Preliminary

83 Objective of this Division

The objective of this Division is to provide *residential customers* who cannot pay for their on-going *energy* use with entitlements to assistance to remain connected.

Subdivision 2 Promise to pay

84 Objective of this Subdivision

The objective of this Subdivision is to give *retailers* an option to establish a payment plan for a *residential customer* who is in arrears based on advice from the *customer* that they cannot pay for their on-going *energy* use but will be able to do so by the end of 3 months.

85 Application of this Subdivision

This Subdivision applies to a *residential customer* who is in arrears and who:

- (a) informs their *retailer* that they cannot pay for their *energy* use; and
- (b) advises their *retailer* that they will pay either:
 - (i) the full cost of their *energy* use, and their arrears in full, by the end of 3 months; or
 - (ii) the full cost of their *energy* use by the end of 3 months and their arrears under a schedule of payments under Division 4; and
- (c) gives their *explicit informed consent* to a schedule of payments that will enable them to comply with the advice referred to in paragraph (b).

86 Connection support (promise to pay)

- (1) A *retailer* may choose to provide connection support to a *residential customer* to whom this Subdivision applies for as long as the *retailer* accepts that they will pay for their *energy* use and arrears as set out in clause 85(b).
- (2) On providing connection support under this Subdivision, the *retailer* must in writing inform the *residential customer* of their entitlement to assistance under Subdivision 3.

87 Non-payment

If a *residential customer* receiving connection support under this Subdivision fails to pay in accordance with the advice referred to in clause 85(b), the *retailer* must:

- (a) immediately contact the *customer* to invite them to exercise their entitlement to assistance under Subdivision 3; and
- (b) inform the *customer* that, if they choose not to exercise that entitlement, they

may be issued with a *disconnection warning notice*.

Subdivision 3 Energy costs

88 Objective of this Subdivision

The objective of this Subdivision is to provide *residential customers*, who are in arrears, with an entitlement to assistance to reduce the cost of their *energy* use to an amount that the *customer* can pay.

89 Application of this Subdivision

This Subdivision applies to a *residential customer* who is in arrears and who:

- (a) informs their *retailer* that they cannot pay for their *energy* use; and
- (b) has not advised their *retailer* that they will pay in accordance with clause 85(b) or, has so advised their *retailer*, but has failed to pay in accordance with that advice.

90 Connection support (energy costs)

(1) Who is entitled to connection support under this Subdivision

A *retailer* must provide connection support to a *residential customer* to whom this Subdivision applies when the *customer*:

- (a) informs the *retailer* that, while they cannot pay the full cost of their current level of on-going *energy* use, they can pay at least 66% of that cost; and
- (b) indicates that they are willing to work with the *retailer* to develop and implement an energy management plan to reduce the cost of their *energy* use.

(2) What retailer must do on engaging with customer

For the purpose of providing connection support under this Subdivision, the *retailer* must when engaging with a *residential customer* facing payment difficulties:

- (a) inform the *customer* of the assistance that they are entitled to receive; and
- (b) advise the *customer* of the amount that they would need to pay to cover 66% of the cost of their fortnightly *energy* use, based on their current average fortnightly *energy* use; and

Note:

Current average electricity use should be calculated using the customer's smart meter data. Current average gas use should be estimated from seasonally adjusted meter readings.

- (c) advise the *customer* that any amount unpaid for *energy* use may be added to their arrears; and
- (d) ask the *customer* to nominate an amount that they will pay on a fortnightly basis for their use of *energy* over the next 3 months; and
- (e) provide the *customer* with a 3 month payment plan that enables the *customer* to make fortnightly payments of the nominated amount provided that amount is not less than the amount advised to the *customer* under paragraph (b); and
- (f) develop an energy management plan for the *customer* and send a written copy of the plan to them; and

- (g) provide to the *customer* the assistance set out in the energy management plan to assist them to reduce their *energy* use; and
- (h) work cooperatively with any government or community service that the retailer knows is providing support to the *customer* to ensure that the assistance being provided by the *retailer* complements, and is provided in a coordinated way with, that support; and
- (i) if the *retailer* knows or has reason to believe that the *customer* is or may be eligible for other assistance provided by government or community services, put the *customer* in contact with those services; and
- (j) work cooperatively with Energy and Water Ombudsman (Victoria) in relation to any service that it is providing to the *customer*; and
- (k) inform the *customer* about the billing arrangements under clause 93.

(3) Energy management plans

An energy management plan must:

- (a) be based on up to date information on the *customer*'s level and pattern of *energy* use; and
 - (b) set out the practical action that the *customer* will need to take to reduce their use of *energy* to a level that they can pay; and
 - (c) set out the assistance that the *retailer* will provide to the *customer* to assist them to effectively reduce their *energy* use, including but not limited to:
 - (i) providing them with the tariff that is most likely to minimise their *energy* cost, based on the *retailer*'s knowledge of their pattern of *energy* use; and
 - (ii) assistance to replace any of the *customer*'s appliances if an appliance of that kind is specified in the *Victorian Energy Efficiency Target Regulations 2008* (Vic) and the *retailer* has reason to believe that replacing the appliance would make a material contribution to reducing the cost of the *customer*'s *energy* use; and
 - (iii) assistance with taking any other measure that the *retailer* has reason to believe would make a material contribution to reducing the cost of the *customer*'s *energy* use if the cost of taking the measure does not exceed the amount fixed by the *Commission* for the purposes of this subparagraph and published on the *Commission*'s website; and
 - (d) comply with the requirements imposed by clause 101(1) for written communications.
- (4) A *retailer* is only required to proceed to provide the assistance set out in an energy management plan under subclause (3)(c)(ii) if the *customer* can reasonably demonstrate that they have taken, or are making an effort to take, practical action of a kind set out in the plan to reduce their use of *energy* to a level that they can pay.
- (5) For the purpose of subclause (4), evidence of a reduction in the *customer*'s *energy* use must be taken by the *retailer* as sufficient to satisfy the *retailer* as to the matters specified in that subclause.
- (6) The *retailer* must, unless otherwise advised by the *customer*, add to the arrears of the *customer* the amount of the difference between the cost of replacing an appliance and

the financial assistance provided by the *retailer* towards that replacement.

- (7) For the purpose of subclause (2)(i), the *retailer* must maintain up-to-date information on, and contact details for, services referred to in that subclause and publish that information, and those details, on its internet site.

(8) Extension of payment plan

A *retailer* may agree to make the same payment plan available to a *residential customer* for a further period of 3 months if:

- (a) the *customer* has been informed of the consequences of doing so for their arrears; and
 - (b) the *retailer* has reason to believe that providing the further period will assist the *customer* to make a material contribution to reducing the cost of their *energy* use to what they can pay.
- (9) Clauses 91 to 93 apply to a second 3 month period made available under subclause (8) in the same way as they apply to the initial 3 month period.

91 Fortnightly reports on electricity use

A *retailer* who holds a retail licence under the *Electricity Industry Act* must, at the end of each fortnight, inform a *residential customer* on a payment plan referred to in clause 90(2)(e) of the cost of the electricity they used during that fortnight and how that cost compares to their fortnightly payment under the plan.

92 Non-payment of fortnightly amount

If a *residential customer* who is on a payment plan referred to in clause 90(2)(e) fails to pay a fortnightly amount in full by the date by which it is required to be paid, the *retailer* must:

- (a) immediately contact the *customer* to remind them to pay the amount; and
- (b) inform the *customer* that, if they fail to pay the amount in full by no later than the date by which the next fortnightly payment is required to be made, they may only avoid being issued with a *disconnection warning notice* by contacting the *retailer* and exercising their entitlement to a pay-as-you-go arrangement under Subdivision 4.

93 Billing arrangements

- (1) The *retailer* must, in the next bill issued to a *residential customer* who is on a payment plan referred to in clause 90(2)(e), include an amount for any *energy* used by the *customer* over the previous billing period that was not paid for through the fortnightly payments.
- (2) If the *customer* paid more through their fortnightly payments for *energy* use over the 3 month period than they actually used over that period, the *retailer* must credit the overpayment against the *customer's* arrears.
- (3) If the *customer* pays in full by the *pay-by date* a bill referred to in subclause (1), the *retailer* must inform the customer of the continued availability of tailored assistance under Division 4 to assist the *customer* to pay their arrears.
- (4) If the *customer* fails to pay in full by the *pay-by date* a bill referred to in subclause (1), the *retailer* must inform the *customer* that they may only avoid being issued

with a *disconnection warning notice* by exercising their entitlement to a pay-as-you-go arrangement under Subdivision 4.

Subdivision 4 Pay-as-you-go

94 Objective of this Subdivision

The objective of this Subdivision is to provide *residential customers* who are in arrears with an entitlement to remain connected to their *energy* supply by pre-paying for their energy use.

95 Application of this Subdivision

This Subdivision applies to a *residential customer* who is in arrears and who has failed to comply with a payment plan referred to in clause 90(2)(e) or failed to pay in full by the *pay-by date* a bill issued under clause 93(1).

96 Connection support (pay-as-you-go arrangement)

(1) For the purpose of continuing to provide connection support to a *residential customer* to whom this Subdivision applies, the *retailer* must provide the *customer* with a payment plan under which the *customer* is to make, on a fortnightly basis, a pre-payment towards their *energy* use over that fortnight of an amount proposed by the customer.

(2) Increase in electricity use by customer receiving pay-as-you-go assistance

If the actual use of *electricity* by a *customer* who is receiving connection support under a payment plan referred to in subclause (1) exceeds at any time by more than 10% in a fortnight the amount covered by the pre-payment for that fortnight, the *retailer* must:

- (a) inform the *customer* of the increased use; and
- (b) advise the *customer* that they need to increase the amount of their fortnightly pre-payment if they wish to continue on the pay-as-you arrangement and avoid being issued with a *disconnection warning notice*; and
- (c) inform the *customer* of the amount of the increased fortnightly pre-payment and invite the *customer* to agree to pay that amount on a fortnightly basis under their payment plan.

(3) If a *customer* declines an invitation given to them under subclause (2)(c), the *retailer* must inform the customer that the *retailer* may issue a *disconnection warning notice*.

(4) If a *customer* accepts an invitation given to them under subclause (2)(c), the *retailer* must give the *customer* a revised written schedule of fortnightly pre-payments.

(5) Failure to make pre-payment

If a *customer* who is on a payment plan referred to in subclause (1) fails to make a pre-payment in full by the date by which it is required to be made, the *retailer* must:

- (a) immediately contact the *customer* to remind them to make the pre-payment; and
- (b) inform the *customer* that, if they fail to pay the amount of the pre-payment in full by no later than the date by which the next pre-payment is required to be

made, the *retailer* may issue a *disconnection warning notice*.

97 Billing arrangements

- (1) The *retailer* must, in the next bill issued to a *customer* who is on a payment plan referred to in clause 96(1), include an amount for any *energy* used by the *customer* over the previous billing period that was not paid for through the fortnightly pre-payments.
- (2) If the customer paid more through their fortnightly pre-payments for *energy* use over the 3 month period than they actually used over that period, the *retailer* must credit the overpayment against the *customer's* arrears.
- (3) If the *customer* pays in full by the *pay-by date* a bill referred to in subclause (1), the *retailer* must inform the customer of the availability of tailored assistance under Division 4.
- (4) If a *customer* on a payment plan referred to in clause 96(1) fails to pay in full by the *pay-by date* a bill referred to in subclause (1), the *retailer* may issue a *disconnection warning notice*.

Division 6 Miscellaneous

98 Payment plans

(1) Plans to be established promptly

If under this Part a *residential customer* has an entitlement to be provided with a payment plan, the retailer must use its best endeavours to provide the plan promptly.

(2) Bill smoothing

If under a payment plan a *residential customer* is to pay for their *energy* use on the basis of an estimate of the amount of *energy* the *customer* will use over a particular period, the estimate must be based on:

- (a) the customer's historical billing data over the previous 12 months; or
- (b) if the retailer does not have that data, energy use by a comparable customer over those 12 months.

(3) Same amount payable each month

Except as otherwise expressly provided by this Part or agreed to by the *retailer*, the regular payments to be made under a payment plan under this Part must be of the same amount over the period through which the plan is available to the *residential customer*.

99 Provision of extra assistance

- (1) Nothing in this Part prevents a *retailer* from providing to *residential customers* facing payment difficulties assistance in excess of the minimum standards set out in this Part.
- (2) However, a *retailer* must not impose conditions on the provision of that assistance or require the *customer* to provide personal or financial information.

100 Provision of information to customers about assistance available

- (1) Without limiting clause 56, a *retailer* must publish on its website information about the assistance available to its *residential customers* facing payment difficulties.
- (2) If a *residential customer* requests information about the assistance available to *residential customers* facing payment difficulties, the *retailer* must:
 - (a) refer the *customer* to the *retailer's* website; or
 - (b) provide the information to the *customer*.
- (3) The *retailer* must, without charge, provide information about the assistance available to its *residential customers* facing payment difficulties if the *customer* requests information of that kind.

101 Written communications

- (1) Any written communication by a *retailer* to a *residential customer* under, or in connection with, this Part must be:
 - (a) expressed in plain language; and
 - (b) legible; and
 - (c) presented clearly.
- (2) Despite clause 3F, a *retailer* must give or send by post to a *residential customer* any written communication required or permitted to be given or sent under, or in connection with, this Part unless the *customer* has given *explicit informed consent* to receiving it in another way.
- (3) A *retailer* must not impose a charge on a *residential customer* for any written communication given or sent to the *customer* (whether by post or otherwise) under, or in connection with, this Part.

102 Limit on connection support

- (1) A *retailer* is not obliged to make connection support available to a *residential customer* under Division 5 for a continuous period of more than 2 years.
- (2) A *residential customer* may at any time decide to stop receiving connection support by paying their arrears in full or electing to receive tailored assistance under Division 4.

103 Debt

(1) Restriction on debt recovery

A *retailer* must not commence or continue with proceedings for the recovery of arrears from a *residential customer* receiving connection support under Division 5.

(2) Restriction on sale of debt

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

- (a) at any time while the *customer* is receiving assistance with payment difficulties under this Part ; or
- (b) within 10 business days after the *customer* has been disconnected from their

energy supply under clause 111(1).

(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 *residential customer* to a third party unless compliance 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 is a condition of the sale or disposal.

(4) Waiver of debt

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

104 Reconnection

(1) A *residential customer* facing payment difficulties who has been disconnected from their *energy supply under clause 111(1)* is entitled to be reconnected if they:

(a) pay all amounts that:

- (i) were due and payable, but remained unpaid, under their payment plan up to the time of disconnection; and
- (ii) would have been due and payable under their payment plan from the time of disconnection up to the time of reconnection had they not been disconnected; and

(b) elect to exercise their entitlement to any assistance under this Part.

(2) However, a *residential customer* who has been disconnected in the previous 12 months from their *energy supply under clause 111(1)* is only entitled to be reconnected if they exercise their entitlement to a pay-as-you-go arrangement under Subdivision 4.

Note:

The amount that a customer must pay before being reconnected is not the total amount of their arrears but only the portion of those arrears that they would have been required to pay according to their schedule of payments up to the time of reconnection.

105 Restriction on transfer to another retailer

Without limiting clause 57, a *retailer* who receives a request for the transfer under the relevant *Retail Market Procedures* of a *residential customer* of the *retailer* who is receiving connection support under Subdivision 3 of Division 5 must in accordance with the *Retail Market Procedures*:

- (a) object to the transfer ; or
- (b) if the *retailer* only becomes aware of the request after the time for objecting has passed, immediately seek to have the transfer reversed if within the time for doing that.

106 Payment by Centrepay (SRC and MRC)

(1) This clause applies where a *residential customer* requests a *retailer* to permit payment by using Centrepay as a payment option (see clause 32).

(2) If the *residential customer* is applying for or on a *standard retail*

contract, the *retailer* must allow the *customer* to use Centrepay as a payment option.

- (3) If the *residential customer* is on a *market retail contract* and Centrepay is available as a payment option under that contract, the *retailer* must allow the *customer* to use Centrepay as a payment option.
- (4) If the *residential customer* is on a *market retail contract* and Centrepay is not available as a payment option under that contract, the *retailer* must undertake a review of the *market retail contract*.
- (5) If, as a result of a review, an alternative *customer retail contract* is considered to be more appropriate, the *retailer* must transfer the *customer* to that alternative contract, where the *retailer* has obtained the *customer's explicit informed consent*.
- (6) Any alternative *customer retail contract* offered to a *residential customer* must make Centrepay available as a payment option.
- (7) If, as a result of the review, there is no alternative *customer retail contract* considered to be more appropriate, the *retailer* must make Centrepay available as a payment option under the *residential customer's* existing *market retail contract*.
- (8) The *retailer* must not charge the *residential customer* for the review, for any transfer to an alternative retail contract or any early termination charge or other penalty for the early termination of the *customer's* previous *customer retail contract*.

106A Record keeping

- (1) A *retailer* must ensure that records are kept that evidence their compliance with this Part in relation to a matter.
- (2) If a *retailer* does not produce to the *Commission* a record that evidences its compliance with this Part in relation to a matter, the *Commission* is entitled to presume that the *retailer* has not complied with this Part in relation to that matter.”.

2 Amendment of clause 3 (definitions)

In clause 3:

- (a) omit the definition of *hardship customer*;
- (b) in paragraph (g) of the definition of *life support equipment*, for “of gas” substitute “of electricity or gas”;
- (c) for the definition of *payment plan* substitute:

“*payment plan* means a plan established in accordance with Part 3 by a *residential customer* facing payment difficulties for the payment by the *customer* of amounts for their *energy* use or their arrears or both;”.

3 Amendment of clause 32 (payment methods)

In clause 32(2), for “clause 74” substitute “clause 106”.

4 Repeal of clause 33 (payment difficulties (SRC and MRC))

Clause 33 is repealed.

5 Amendment of clause 34 (shortened collection cycles (SRC and MRC))

In clause 34:

- (a) after subclause (1) insert:

“(1A) A retailer may place a *residential customer* facing payment difficulties on a shortened collection cycle in accordance with Part 3.”;
- (b) in subclause (2)(a), for “experiencing” substitute “facing”;
- (c) after subclause (4) insert:

“(1A) Subclauses (3) and (4) do not apply to a *residential customer* facing payment difficulties placed on a shortened collection cycle in accordance with Part 3.”.

6 Amendment of clause 40 (requirement for security deposit (SRC and MRC))

For clause 40(3)(a) and (b) substitute:

“(a) is a *residential customer* facing payment difficulties; or”.

7 Amendment of clause 56 (provision of information to customers)

Before clause 56(1)(a) insert:

“(aa) the entitlements of *customers* facing payment difficulties to assistance from the *retailer*; and”.

8 Amendment of clause 108 (definitions)

In clause 108, for the definition of *reminder notice period* substitute:

“*reminder notice period*:

- (a) in relation to a *residential customer*, means the period that starts on the

date of issue to the *customer* of a *reminder notice* under clause 109 and ends 6 *business days* after the date of issue of the *reminder notice*; and

- (b) in relation to any other *small customer*, means the period that starts on the date of issue to the *customer* of a *reminder notice* under clause 109, which must be no earlier than the next business day after the pay-by date, and ends no earlier than 6 *business days* after the date of issue of the *reminder notice*.”.

9 **Clause 109 substituted**

For clause 109 substitute:

109 Reminder notices—retailer

- (1) *A reminder notice* is:
 - (a) for a *residential customer*, a notice issued by a *retailer* to the *customer* to remind the *customer* that payment of a bill is required; and
 - (b) for any other *small customer*, a notice issued by a *retailer* to the *customer* after the *pay-by-date* for a bill to remind the *customer* that payment is required.
- (2) The purpose of a *reminder notice* to a *residential customer* is to remind the *customer* of their obligation to pay the bill and to give them clear and unambiguous information about the assistance to which they are entitled if they are facing payment difficulties.
- (3) A *retailer* must issue a *reminder notice* to a *residential customer* within 5 business days after the *pay-by date* for a bill if the *customer* has not paid the bill in full by then.
- (4) A reminder notice must:
 - (a) state the date of its issue; and
 - (b) state the date on which the *reminder notice period* ends; and
 - (c) state that payment of the bill is required to be made before the end of the *reminder notice period*; and
 - (d) in the case of a *residential customer*, give information expressed in plain language about the assistance available under Part 3 to help *customers* facing payment difficulties and how to access that assistance; and
 - (e) give details of how to contact the retailer in connection with a complaint or dispute.”.

10 **Amendment of clause 110 (disconnection warning notices)**

In clause 110:

- (a) after subclause (1) insert:

“(1A) **Purpose of disconnection warning notices**

The purpose of a *disconnection warning notice* is to give the *customer* clear and unambiguous advice about what the *customer* needs to do to avoid being disconnected from their *energy supply*.”;

- (b) after subclause (2)(b) insert:
 - “(ba) if the customer is a *residential customer* facing payment difficulties who is receiving assistance under Part 3:
 - (i) state the form of assistance that the *customer* is receiving; and
 - (ii) give an explanation in plain language of the notice and of why it is being issued; and
 - (iii) give the *customer* clear and unambiguous advice about what the *customer* needs to do to avoid being disconnected from their *energy* supply, including any entitlement that they may have to further assistance under Part 3; and”.

11 Amendment of clause 111 (de-energisation for not paying bill)

In clause 111:

- (a) in subclause (1) for “a *customer*’s premises” substitute “the premises of a *customer* (other than a *residential customer* facing payment difficulties who is receiving assistance under Part 3)”;
- (b) in subclause (1) for paragraph (a) substitute:
 - “(a) the *customer* has not paid a bill by the *pay-by date*; and”;
- (c) for subclause (2) substitute:
 - “(2) A *retailer* may arrange *de-energisation* of the premises of a *residential customer* facing payment difficulties who is receiving assistance under Part 3, including by de-energising the *customer*’s supply remotely, if:
 - (a) the *customer*:
 - (i) is on a payment plan under Division 3 and has not made a payment in full by the date by which it must be made or contacted the *retailer* before that date and received tailored assistance under Division 4 or connection support under Division 5; or
 - (ii) is receiving tailored assistance under Division 4 and has not paid the confirmed monthly amount for their *energy* use by the date by which that payment must be made or contacted the *retailer* before that date to propose a new monthly payment amount towards arrears or to exercise their entitlement to connection support under Division 5; or
 - (iii) is receiving connection support under Division 5 and has failed to pay for their *energy* use and arrears in accordance with the advice referred to in clause 85(b) and has not exercised their entitlement to assistance under Subdivision 3 of that Division; or
 - (iv) is on a payment plan referred to in clause 90(2)(e) and has not paid a fortnightly amount in full by the date by which the next fortnightly payment is required to be made and has not exercised their entitlement to a pay-as-you-go arrangement under Subdivision 4 of Division 5; or
 - (v) is on a payment plan referred to in clause 90(2)(e) and has not paid in full by the *pay-by date* a bill referred to in clause 93(1) and has not exercised their entitlement to a pay-as-you-go arrangement under Subdivision 4 of Division 5; or

- (vi) is on a payment plan referred to in clause 96(1) and has declined an invitation under clause 96(2)(c) to pay an increased fortnightly pre-payment to cover their increased use; or
- (vii) is on a payment plan referred to in clause 96(1) and has not made a payment in full by the date by which the next pre-payment is required to be made; or
- (viii) is on a payment plan referred to in clause 96(1) and has not paid in full by the *pay-by date* a bill referred to in clause 97(1); and
- (b) the *retailer* has issued a *disconnection warning notice* to the *customer*; and
- (c) the *retailer* has, after the issue of the *disconnection warning notice*, used its best endeavours to contact the *customer* in connection with the failure to make the payment in one of the following ways:
 - (i) in person;
 - (ii) by telephone;
 - (iii) by means of a written communication;
 - (iv) in another way to which the customer has given *explicit informed consent*; and
- (d) the *customer* has refused or failed to take any reasonable action towards making the payment.”;
- (d) in subclause (3) for “a *customer*’s premises” substitute “the premises of a *customer* (other than a *residential customer* facing payment difficulties who is receiving assistance under Part 3)”.

12 Amendment of clause 116 (restrictions on de-energisation)

For clause 116(1)(d) substitute:

“(d) where the customer is a *residential customer* facing payment difficulties who is receiving assistance under Part 3 and is complying with the terms of that assistance; or”.

13 Amendment of clause 121 (re-energisation of premises)

After clause 121(2A) insert:

“(2B) Without limiting subclause (1) or (2A), if a *residential customer* whose premises have been *de-energised* becomes entitled to be reconnected to their *energy* supply under clause 104, the *retailer* must, in accordance with any requirements under the *energy laws*, initiate a request to the distributor for *re-energisation* of the premises.”.

14 Amendment of Schedule 1, clause 10.3 (difficulties in paying)

In Schedule 1, for clause 10.3 substitute:

“10.3 Difficulties in paying

If you have difficulties paying your bill, you should contact us as soon as possible. We will provide you with information about your entitlements as a Victorian energy customer.”.

15 Amendment of Schedule 1, clause 14.1 (when can we arrange for disconnection?)

In Schedule 1, for clause 14.1(a) substitute:

“(a) you do not pay your bill by the *pay-by-date* or, if you are a *residential customer* receiving assistance under Part 3 of the Energy Retail Code, you fail to comply with the terms of that assistance; or”.

16 Amendment of Schedule 1, clause 15 (reconnection after disconnection)

In Schedule 1, after clause 15(a) insert:

“(ab) We must request your distributor to reconnect your premises if you become entitled to be reconnected under clause 104 of the Energy Retail Code.”.