

# Energy Retail Code of Practice review

Issues Paper

6 June 2024

## Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

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# Summary

The Energy Retail Code of Practice sets out the rules that electricity and gas retail licensees (retailers) must comply with when selling energy to Victorian consumers. It includes several obligations for electricity and gas retailers to protect Victorian consumers. This code of practice regulates customer contracts, billing disputes, assistance for residential customers facing payment difficulties or family violence, the required content of bills and life support equipment.

We periodically review this code of practice so it:

- reflects legislative and statutory requirements
- remains fit-for-purpose in addressing current or emerging challenges that concern the long-term interests of Victorian consumers.

## Updating the Energy Retail Code of Practice

The purpose of this review is to update the Energy Retail Code of Practice (code of practice) to:

- address key actual or potential harms to Victorian consumers in a proportionate manner
- clarify or update obligations identified as unclear or inconsistent
- advance the Essential Services Commission *Getting to fair* strategy by further supporting consumers experiencing vulnerability.

This review will be subject to a Regulatory Impact Statement required under the *Subordinate Legislation Act 1994* and Subordinate Legislation (Legislative Instruments) Regulations 2021. We will be guided by the requirements for a Regulatory Impact Statement when analysing the costs, benefits and implementation considerations of any proposed changes.

This paper highlights the key themes and topics we intend to review within the code of practice. We are seeking feedback from stakeholders to inform the updated code of practice.

## Indicative timeline

The key dates for this review are as follows:

- Issues Paper consultation: 6 June to 19 July 2024
- Draft code of practice and Regulatory Impact Statement: by early 2025
- Final code of practice and Final Decision: expected June 2025
- Updated code of practice to take effect: expected September 2025 (pending stakeholder feedback).

## Structure of this paper

The [introduction](#) highlights our role in regulating retail licensees, key considerations and the background to this review.

We then outline [our proposed approach](#) in making changes to the code of practice. The assessment framework presented here will help inform our considerations during the development of our Regulatory Impact Statement.

The following chapters highlight the key issues in the code of practice which we intend to review. We explain our focus areas for key issues related to: [protections for consumers experiencing vulnerability](#); [supporting the choices of energy consumers](#); [pricing and contract protections](#); and [general amendments to the code of practice](#).

## Summary of questions for stakeholders

### Protections for consumers experiencing vulnerability

Topic	Questions for stakeholders
Strengthening family violence protections	<ol style="list-style-type: none"><li>1. Are there any specific rules in the National Energy Retail Rules (NERR) that we should consider including in the code of practice that would strengthen protections for Victorian customers?</li><li>2. Are there any family violence protections in the water sector we should replicate in the code of practice?</li><li>3. Are there any other protections we should consider including in the code of practice to further support consumers affected by family violence?</li></ol>
Payment Difficulty Framework – training requirements	<ol style="list-style-type: none"><li>4. In your view, what aspects of the code of practice (if any) related to the Payment Difficulty Framework should be revised to better support consumers experiencing vulnerability or hardship?</li><li>5. Do you have any suggestions about how to improve the current Payment Difficulty Framework training obligations established in the code of practice?</li></ol>

	6. Do you consider that retailers should be required to train their staff to assist customers experiencing different vulnerability or hardship issues (beyond the current obligation to train staff on family violence matters)? If so, what are the costs and benefits of imposing these additional training requirements?
Obligation to place debt on hold for six months	7. Are you aware of any customers who have had their debt placed on hold? If so, has the hold helped them reduce their debt in the long term? 8. How might this obligation be amended to better support customers experiencing significant payment difficulties?
Accessibility of Utility Relief Grants (URGS) information	9. In your experience, are the URGS and energy concessions obligations set in the code of practice being implemented as intended? Are there any obligations that might require additional guidance? 10. Are there any potential adjustments to the URGS and energy concessions obligations that we should consider including in the code of practice?
Assistance and information on energy efficiency	11. Should the code of practice introduce more prescriptive obligations about how energy efficiency advice should be delivered? What are the costs and benefits of these changes? 12. Are there other non-prescriptive alternatives to encourage better practice across retailers to connect customers with existing energy efficiency government programs (such as the Victorian Energy Upgrades program)?

## Supporting the choices of energy consumers

Topic	Questions for stakeholders
Supporting customers who want to disconnect from gas	13. Do you see a need for improving processes and information for a customer who wants to disconnect from or abolish their gas connections? 14. Do you have any views on our proposed provision-of-information requirements related to disconnections and abolishments?



	<p>15. Do you have any views on whether there is a need for new rules on timeframes and notification requirements for abolishing gas connections?</p> <p>16. To strengthen protections for a customer wanting to disconnect from gas, are there any other obligations on a retailer we should consider introducing in the code of practice?</p>
Bill information requirements	<p>17. Do you see a need for full alignment of energy bills with the Australian Energy Regulator’s Better Bills Guideline? If so, what do you think would be the key benefits?</p> <p>18. Do you think the inclusion of details for the Energy and Water Ombudsman Victoria (EWOV) would be of benefit to billing information?</p> <p>19. Do you support the need for prescribed requirements related to bill communications? Are there any practical implementation issues we should consider?</p>
Clarifying best offer obligations	<p>20. Do you support our proposal for addressing accessibility and availability of best offers? Why or why not?</p> <p>21. In your opinion, is there a clear benefit in reviewing how deemed best offers are calculated?</p> <p>22. Are you aware of any other issues with best offer obligations that this review could consider?</p>
Accuracy of information on Victorian Energy Compare Website	<p>23. Do you support the need to review relevant definitions in the code of practice or is this better managed through the Energy Fact Sheet Guidelines?</p> <p>24. In your opinion, would there be any issues presented by prescribing a timeframe for removal of outdated offer information from Victorian Energy Compare?</p>

## Pricing and contract protections

Topic	Questions for stakeholders
Bill frequency obligations	<p>25. Do you consider that bill frequency obligations and best offer frequency obligations are not clearly aligned and require amendment to achieve consistency? Why or why not?</p>

	<p>26. Do you have any preferred options for achieving consistency between bill frequency obligations and best offer frequency obligations? What are the costs and benefits of those options?</p>
Clarifying unclear definitions: Standard offers	<p>27. What benefits do you see in limiting when a retailer can use the language of 'standard offers' for advertising?</p> <p>28. Do you think we should prohibit the term 'standard offer' when referring to market offers at the same price as a standing offer for gas?</p>
Clarifying unclear definitions: Pay-by date	<p>29. In your opinion, should we define the term 'pay-by date' in the code of practice? Why or why not?</p> <p>30. Do you think clarifying the definition of pay-by-date will reduce scope for confusing communications, or are further interventions required (such as targeted training requirements)?</p> <p>31. Do you believe that a 'pay-by date' should be extended when a retail customer has entered into a payment arrangement? Why or why not?</p>
Clarifying unclear definitions: Arrange a disconnection	<p>32. Do you consider that the term 'arrange a disconnection' could be clarified? Why or why not?</p> <p>33. Are there other options to clarify in the code of practice that a service order for disconnection must be cancelled when a customer seeks payment assistance or is receiving payment assistance and is complying with the relevant terms? What are the costs and benefits of those options?</p>
Disclosure of additional retail charges in contract terms and conditions	<p>34. Are there any implications we should consider when specifying that 'additional retail charges' are charges which must be set out in a market retail contract or exempt person arrangement?</p> <p>35. Are there any costs or benefits we should consider in relation to a retailer providing detailed information about the type of additional retail charges a customer is required to pay?</p> <p>36. Are there any other issues in standard retail contract terms and conditions that we should consider?</p>

	37. Do you agree that retailer charges for gas abolishment, beyond the \$220 distributor abolishment fee, should be specified as an 'additional retail charge'? Why or why not?
Requirement to publish changes of tariffs and charges in newspapers	38. What are some of the costs, benefits or issues you see in publishing variations to tariffs online only (and not in newspapers)?

## General code of practice updates and other changes

Topic	Questions for stakeholders
Protections for embedded network customers	<p>39. What are the costs and benefits of increasing protections to embedded network customers that buy electricity from retailers?</p> <p>40. What are the costs and benefits of extending family violence protections to embedded network customers?</p> <p>41. What are the costs and benefits of extending bill change alert obligations to embedded network customers?</p> <p>42. Do you have any comments on updating Schedule 5 and Schedule 6 of the code of practice to align with the updated General Exemption Order (GEO) 2022?</p>
Use of preferred communication method	<p>43. In your view, when must preferred methods of customer communication be used?</p> <p>44. Are there any costs or benefits that would arise from always requiring the use of preferred methods of communication with small customers?</p>
Receipt of communications and notices	45. Do you have any comments on aligning the code of practice with the 'presumed receipt' rules set out in the Electricity Distribution Code of Practice?
Clarifying timelines for compliance with certain obligations	46. Do you have any comments on clarifying that if a last resort event occurs, retailers must cancel direct debit arrangements within one business day and not 'immediately'?

	47. Do you have any comments on clarifying that a disconnection warning notice must be received by a customer rather than 'issued' before a retailer must provide clear and unambiguous information about available assistance?
Bulk hot water formulas	48. Do you have any comments on the current gas and electricity bulk hot water formulas set out in Schedule 4 of the code of practice?
Consequential amendments	49. Are there any other issues we should consider as part of this review?

## How to give us your feedback

Submissions should be made via Engage Victoria by **5.00 pm on 19 July 2024**.

Submissions will be published on the commission's website, except for any information deemed commercially sensitive or confidential. This is in accordance with our [Submissions Policy](#).

Submissions should clearly identify which information you consider sensitive or confidential, and the basis for your reasons.

We are open to meeting with individual stakeholders to discuss specific feedback. We will continue to proactively engage with the community, industry, government departments, agencies and support organisations through individual meetings as this review progresses.

There will be more opportunities to be involved in our consultation process once we release our draft updated code of practice and Regulatory Impact Statement (by early 2025).

If you have any questions or would like to arrange a meeting, please contact us at [energyreform@esc.vic.gov.au](mailto:energyreform@esc.vic.gov.au).

# 1. Introduction

## What is the Energy Retail Code of Practice?

The code of practice sets out the consumer protections and obligations which electricity and gas retail licensees (retailers) must follow when selling energy to Victorian consumers. It covers areas including:

- customer contracts
- billing disputes
- payment difficulties
- content of bills.

The code of practice was previously reviewed in 2021. We remade it as an enforceable 'code of practice' to support the implementation of our reformed enforcement framework.<sup>1</sup> The code of practice is enforceable and civil penalties may apply for non-compliance.

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<sup>1</sup> The Parliament of Victoria has reformed the enforcement framework that the commission operates under. The new enforcement framework was implemented via the *Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021*. As a result, our existing energy codes have transitioned to 'codes of practice'. This means that the current codes of practice are now subordinate legislative instruments.

## Our role in regulating the energy retail sector

The Essential Services Commission (the commission) regulates electricity and gas retail licensees (retailers). A full list of the current licences is available on our website: [Electricity and gas licences \(esc.vic.gov.au\)](https://www.esc.vic.gov.au).

The code of practice imposes obligations retailers must follow related to:

- marketing and other obligations before entering into a retail contract
- retail contracts, including rights and obligations once a retail contract is entered into
- assistance for residential customers anticipating or facing payment difficulties
- assistance for customers affected by family violence
- life support obligations
- termination of retail contracts
- disconnection of premises.

## Key considerations

The following section outlines the key considerations which inform the scope of our review. This includes key trends, policy and compliance priorities in the Victorian retail energy market. This list is not intended to be exhaustive and some of these topics are expanded upon in later sections of this issues paper.

### Increasing awareness of vulnerability in a changing energy market

The commission released its [Getting to fair strategy](#) in 2021. The strategy aims to break down the barriers Victorian consumers can face when accessing and engaging with essential services.<sup>2</sup> It supports our regulated and administered sectors to provide more responsive, inclusive and accessible services. The strategy recognises that for consumers experiencing vulnerability, barriers can appear more daunting and also be cumulative and repeated across multiple services. On top of this, barriers also prevent segments of energy consumers from accessing secure, reliable and affordable energy services. Everyday barriers may include language, digital literacy or vulnerability due to health, disability, age or geography.

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<sup>2</sup> Essential Services Commission, [Getting to fair: breaking down barriers to essential services](#), 12 August 2021.

We recognise that recent increases in the cost of living continue to present additional barriers. Some consumers may find themselves increasingly in a state of vulnerability.<sup>3</sup> People who previously managed their energy bills without issue may need to monitor and consider energy consumption more actively. At the same time, the energy market is becoming highly complex. An increasing focus on new energy technologies, a changing regulatory environment and an increasing volume of energy retailers may introduce additional barriers to participation and heighten the experience of vulnerability.

We note the following trends in the Victorian energy retail market for the 2022-23 financial year, indicative of the increased barriers consumers are facing:<sup>4</sup>

- Retailers disconnected 11,651 electricity and 4,275 gas residential customers for non-payment. During this period, 112,022 residential electricity and 88,515 residential gas customers were at risk of being disconnected for owing at least \$300 to their energy retailer. This represents four per cent of all residential electricity and gas customers. The average arrears for these customers was \$1,264 for electricity and \$1,109 for gas, representing approximately a year's worth of typical electricity bills and seven months of gas bills.
- Five per cent more electricity and 13 per cent more gas residential customers accessed tailored assistance in 2022–23 compared to 2021–22.
- The Department of Families, Fairness and Housing approved 21 per cent more electricity and 26 per cent more gas Utility Relief Grant (URGS) applications in July 2022 to June 2023, indicating more consumers experiencing payment difficulty.

A review of the code of practice is crucial to address consumer barriers, further support the implementation of our *Getting to fair* strategy, and to deliver more equitable outcomes for all Victorians.

This review will also support our compliance and enforcement work, noting that vulnerability is an ongoing priority for the commission.<sup>5</sup> We remain committed to protecting consumers who are experiencing vulnerability, including those affected by family violence and life support customers.

We note the Victorian government broadly supported recommendations relating to protections for life support customers in response to the [Electricity Distribution Network Resilience Review](#). We

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<sup>3</sup> Under the strategy (p. 3), vulnerability is considered to be: *A person experiencing, or at risk of experiencing vulnerability is someone who experiences barriers to accessing or engaging in the essential services we regulate or administer. As a result of those barriers, that person experiences economic and/or social exclusion or harm. Barriers include event-based circumstances, systemic factors and market-based factors.*

<sup>4</sup> Essential Services Commission, [Victorian Energy Market Report 2022–23](#), 30 November 2023.

<sup>5</sup> Essential Services Commission, [Priorities for compliance and enforcement in energy 2023–24](#), 27 July 2023.

understand the Department of Energy, Environment and Climate Action are considering these recommendations further – we will participate in those processes, and will separately consult on potential reforms to our codes of practice if they arise.

## Placing consumers at the centre of regulatory reviews

Energy is an essential service for Victorian consumers and energy rules must be designed to meet their needs. Our rules should be informed by the lived experience of consumers who interact with the energy market regularly.

Placing consumers at the heart of regulatory reviews is key. We believe that understanding and capturing the consumer voice is critical to promote a fair and equitable energy market and to achieving better outcomes for consumers experiencing vulnerability.

This review will capture the consumer voice in the following ways:

- Informally: through focussed discussions and stakeholder meetings, attendance at workshops held by support agencies and advocacy groups.
- Formally: through public submission processes (in response to this issues paper and to the Regulatory Impact Statement), surveys on Engage Victoria; and other channels to test potential rule changes with consumers where appropriate, such as a consumer focus group.

Our work to capture the consumer voice will build on the consumer engagement undertaken when reviewing the Water Customer Service Codes.<sup>6</sup> While specific to the water retail sector, we recognise that the barriers water customers (particularly customers experiencing vulnerability) face are likely the same/similar to the barriers faced in the energy retail market in respect of affordability, access to support and transparency of information. There are many valuable insights to be leveraged from this round of consumer engagement. These include:

- The need to make e-bills as easy to read and understand as possible (including clear breakdown of all charges and time periods).
- The accessibility of information for assistance.
- The need to understand behaviour (for example, whether a consumer actually engages with their e-bill, or whether they just pay the amount as prompted in the email).
- Better communication with consumers, using a variety of channels and targeted appropriately.

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<sup>6</sup> ['Water Industry Standards review'](#), Essential Services Commission, accessed 30 April 2024.



## Supporting consumers towards electrification and energy efficiency

Victoria's *Climate Change Act 2017* introduced a long-term target for the state of net-zero greenhouse gas emissions by 2050.<sup>7</sup>

Achieving net-zero will require the increased electrification of residential and business sectors. To this end, the Victorian government announced a ban on new gas connections for homes that require a planning permit from 1 January 2024.<sup>8</sup> Similarly, the Australian Energy Regulator set the fee Victorian gas distributors may charge customers for abolishing their connections, and approved distributors' requests for accelerated depreciation of their gas networks.<sup>9</sup>

The government ban on new gas connections aims to empower Victorian households and businesses to embrace sustainable alternatives to fossil gas. It is important that any changes made to the code of practice are consistent with the commission's objective to support the long-term interests of Victorian energy consumers – which includes transitioning to net zero. Amendments will also need to be consistent with other codes of practice we administer, including the Gas Distribution Code of Practice.<sup>10</sup>

A clean energy future also requires helping households and businesses to be more energy efficient. This includes supporting the uptake of energy efficient appliances and smart technologies and unlocking access to discounted products and services through targeted programs.

### Victorian Energy Upgrades program

The Victorian Energy Upgrades program is regulated and administered by the commission and provides access to discounted energy efficient products and services.<sup>11</sup> Victorian households and businesses can take part in the Victorian Energy Upgrades program. Energy consumers can

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<sup>7</sup> Sections 6 and 10 of the *Climate Change Act 2017*.

<sup>8</sup> State Government of Victoria, '[New Victorian Homes To Go All Electric From 2024](#)', 28 July 2023.

<sup>9</sup> See Australian Energy Regulator, final decisions for gas distribution access arrangements 2023-28 for AusNet Services, Multinet, and Australian Gas Network (Albury and Wodonga), June 2023 at [www.aer.gov.au](http://www.aer.gov.au).

<sup>10</sup> See also our recently released final decision for the Gas Distribution Code of Practice '[Reviewing the Gas Distribution System Code of Practice](#)'. It explains practical ways in which we are supporting roadmap objectives through our requirements and approach to regulating gas distributors.

<sup>11</sup> '[Victorian Energy Upgrades program](#)', Essential Services Commission, accessed 30 April 2024.

choose which eligible discounted energy efficient products they wish to have installed and contact an accredited business directly to arrange for the installation..<sup>12</sup>

### Supporting consumers experiencing hardship

Consistent with our objective to promote the long-term interests of Victorian consumers, continuing to assist Victorian energy consumers in financial hardship and making it easier to improve energy efficiency and electrify their homes remains a core priority.<sup>13</sup>

As part of this review, we propose improving access to information about electrification and energy efficiency for consumers. This will better support gas consumers to make decisions about whether to electrify their homes. These proposed changes may include requiring retailers to provide clear information to consumers on temporary gas disconnections and permanent gas abolishments.

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<sup>12</sup> For more information, see '[About the VEU program](#)', Department of Energy, Environment and Climate Action, accessed 30 April 2024.

<sup>13</sup> Department of Energy, Environment and Climate Action, [Gas Substitution Roadmap Update: Victoria's Electrification Pathway](#), December 2023.

## 2. Our proposed approach

Between 2018 and 2020, we completed two comprehensive reviews of the code of practice to make retail energy contracts clearer and fairer.<sup>14</sup> We do not intend this review to be an exhaustive review of all matters the code of practice regulates. The objective of this review is to address:

- current consumer protections that might not be working as expected
- key existing and emerging harms that affect consumers
- ambiguity in the code of practice and improving clarity by removing gaps and/or barriers in the current framework.

This includes considering existing obligations that may not be aligned with current community expectations, expert recommendations and government policies.

### Code of practice review themes

We propose to review obligations related to the following four themes:

- Protections for consumers experiencing vulnerability: for example, how to better protect family violence affected customers and facilitate improved retailer training to appropriately assist hardship customers with a variety of lived experiences.
- Supporting the choices of energy consumers: for example, supporting customers who want to disconnect from gas networks. This is in addition to how information is provided in energy bills, adherence to best offer obligations and accuracy of information uploaded to Victorian Energy Compare.
- Pricing and contract protections: for example, clarifying bill frequency obligations, definitions for 'pay-by-date' and 'arrange a disconnection' and when the term 'standard offer' can be used. We will also consider including additional retail charges as charges in contract terms & conditions and will review the obligation to publish changes to tariffs and charges in newspapers.
- General updates and other changes: for example, the currency of schedules within the code of practice and the use of customer preferred communications. We also intend to remove inconsistencies, redundant provisions and duplications with other instruments (where applicable).

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<sup>14</sup> ['New standards for energy bills and marketing 2018'](#), Essential Services Commission, accessed 30 April 2024; ['Ensuring contracts are clear and fair 2019'](#), Essential Services Commission, accessed 30 April 2024. Refer to both these reviews for more information.

## Request for feedback

We are [seeking your feedback](#) on issues related to the above categories of obligations. This will help inform the scope of our review. When proposing changes, we will also be guided by our objectives and assessment framework as outlined below.

## Our objectives

In exercising our powers to make, amend or revoke codes of practice, our objective is to promote the long-term interests of Victorian consumers.<sup>15</sup> In seeking to achieve this objective, we must consider the price, quality and reliability of essential services.

The *Essential Services Commission Act 2001* requires us to consider the following matters to the extent that they are relevant:<sup>16</sup>

- efficiency in the industry and incentives for long-term investment
- the financial viability of the industry
- the degree of, and scope for, competition within the industry, including countervailing market power and information asymmetries
- the relevant health, safety, environmental and social legislation applying to the industry
- the benefits and costs of regulation (including externalities and the gains from competition and efficiency) for consumers and users of products or services (including low-income consumers and consumers experiencing vulnerability) and regulated entities
- consistency in regulation between States and on a national basis
- any matters specified in an empowering instrument.

Further objectives of the commission as specified in the *Electricity Industry Act 2000* and *Gas Industry Act 2001*, respectively include:

- to the extent that it is efficient and practicable to do so, to promote a consistent regulatory approach between the electricity industry and the gas industry
- to promote the development of full retail competition
- to promote protections for customers, including in relation to helping consumers who are facing payment difficulties.

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<sup>15</sup> Section 8 of the *Essential Services Commission Act 2001*.

<sup>16</sup> Section 8A(1) of the *Essential Services Commission Act 2001*.

## Assessment framework

We will assess proposed changes to the code of practice in accordance with our legislative framework to promote the long-term interests of Victorian consumers. This will be undertaken during the development of our Regulatory Impact Statement.

Based on our legislative requirements, we have identified specific assessment criteria relevant to this review. We will consider these when developing any amendment or new obligation in the code of practice, which can be refined during the review process. We welcome stakeholder views on the following draft criteria.

### Proposed assessment criteria

Promoting the long-term interests of Victorian energy consumers	Assessment criteria
<b>Quality and price of energy supply</b>	<p>Do the proposed changes provide a clear allocation of roles and responsibilities in relation to the quality and affordability of the supply of energy (electricity and gas)?</p> <p>Would the proposed code of practice changes have unjustified effects on the price and affordability of energy?</p>
<b>Incentives for efficiency</b>	<p>Do the proposed changes promote efficiency in the supply of energy within the retail market?</p> <p>Are the costs and benefits of proposed changes appropriately allocated between retailers and consumers?</p>
<b>Appropriate protections for consumers</b>	<p>Do the proposed changes provide appropriate and effective consumer protections (particularly for consumers experiencing vulnerability, such as hardship consumers, family violence affected consumers and First Nations consumers)?</p>
<b>Health, safety, environmental and social factors</b>	<p>Do the proposed changes sufficiently consider any relevant health, safety, environmental and social legislation?</p>

<b>Decarbonisation</b>	Do the proposed changes support decarbonisation of the energy market and the achievement of Victoria’s climate action targets?
<b>Proportionality</b>	Are the proposed changes targeted, fit for purpose and proportionate to the issues they address?
<b>Clarity</b>	Do the proposed changes promote clarity for businesses, customers and regulators, supporting effective compliance monitoring and enforcement?
<b>Consistency</b>	Do the proposed changes promote consistency in regulation between States and between the Victorian and national frameworks, as well as between electricity and gas regulation (where appropriate)?
<b>Flexibility</b>	Are the proposed changes flexible enough to adjust to changing market conditions and to future policy developments?

We will also take into consideration any relevant legislative amendments that might be passed at the Victorian Parliament over the course of this review. Similarly, we will monitor any relevant policy developments that may require similar consideration in Victoria. This includes recent recommendations proposed in the Australian Energy Regulator’s Game Changer report or relevant changes to the NERR, which applies outside of Victoria. For example, AER’s recommendation to automatically place consumers in hardship programs on a better offer.<sup>17</sup>

The following chapters present the key issues we have identified on each of the four key themes of this review. We welcome your feedback on any of the proposed issues identified in this issues paper.

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<sup>17</sup> In November 2023, the Australian Energy Regulator released its Game Changer report. This report proposes a package of to deliver improvements in outcomes for consumers experiencing vulnerability. For more information, see [Game changer reforms | Australian Energy Regulator \(AER\)](#).

## 3. Protections for consumers experiencing vulnerability

This chapter addresses issues related to the accessibility of support for those who need it. This includes reviewing:

- family violence protections, for example, assessing obligations under the National Energy Retail Rules (NERR) that may not be reflected as requirements in the code of practice. We also look to apply learnings and recent advancements in the Victorian water sector, and review obligations to identify an ‘affected customer’
- adjustments to the Payment Difficulty Framework, including training requirements, placing debts on hold for six months, assistance with Utility Relief Grants (URGS) and information on energy efficiency.

### Strengthening family violence protections

We are proposing to review our existing rules to take into account advancements in other jurisdictions and sectors, but only to the extent that changes will strengthen existing Victorian protections.

#### Current requirements

The code of practice requires a retailer to provide assistance to a customer affected by family violence. It includes minimum standards relating to:

- training
- account security
- customer service
- debt management
- external support customers.<sup>18</sup>

Retailers must also develop family violence policies and maintain records that demonstrate compliance with the code of practice’s family violence obligations.<sup>19</sup>

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<sup>18</sup> Part 7 of the code of practice.

<sup>19</sup> Clauses 157, 158, 159 and 160 of the code of practice.

The purpose of these obligations is for a retailer to give a customer who may be affected by family violence safe, supportive and flexible assistance. The code of practice further states that nothing prevents a retailer from helping an affected customer in addition to the minimum standards.

In addition to the obligations set out in the code of practice, we have developed a family violence framework that supports better practice in responding to family violence.<sup>20</sup> This framework includes a better practice guide to help water and energy businesses implement safe and effective family violence responses.<sup>21</sup>

## Context for change

Since these rules came into effect in 1 January 2020 there have been regulatory developments in other jurisdictions and sectors relevant to the Victorian energy retail sector. We consider that there is an opportunity to review the current obligations that require retailers to implement family violence protections to further support consumers affected by family violence.

## AEMC rule change

The Australian Energy Market Commission (AEMC) introduced new regulatory protections for consumers impacted by family violence in 2022.<sup>22</sup> The rules apply in jurisdictions covered by the NERR (ACT, NSW, QLD, SA and TAS).

The rule change was made following a rule change request to AEMC from Red Energy and Lumo Energy, suggesting the introduction of new family violence requirements under the NERR, similar to the protections in place in Victoria.<sup>23</sup>

In developing its rules, the AEMC stated it followed leading practice in Victoria and the requirements set in the code of practice.<sup>24</sup> The AEMC also aimed to align the protections for family violence victim-survivors in NECF regions with the protections available in Victoria, particularly where alignment would advance the National Energy Retail Objective.<sup>25</sup>

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<sup>20</sup> ['Family violence resources for businesses'](#), Essential Services Commission, accessed 30 April 2024. This page outlines how our work to support Victorians experiencing family violence has evolved over time, resulting in numerous developments in the energy and water sectors.

<sup>21</sup> ['Better practice in responding to family violence'](#), Essential Services Commission, accessed 30 April 2024.

<sup>22</sup> ['Protecting customers affected by family violence'](#), Australian Energy Market Commission, accessed 30 April 2024.

<sup>23</sup> Australian Energy Market Commission, [Protecting customers affected by family violence. Rule determination](#), 15 September 2022, p. 35.

<sup>24</sup> Australian Energy Market Commission, op. cit., p. ii.

<sup>25</sup> Australian Energy Market Commission, op. cit., p. 37.



As a result of this rule change, there is a level of consistency in consumer protections between the NECF and Victoria.<sup>26</sup> Nevertheless, we consider that there is an opportunity to review the code of practice alongside the rules in the NERR, and consider any new obligations that might strengthen or complement our rules.

### Rules for Victorian water businesses

The commission develops and administers standards, codes and guidelines that impose obligations on regulated Victorian water businesses. Our Victorian Water Industry Standards have included family violence obligations since 1 July 2017.<sup>27</sup> In 2023, we reviewed the family violence provisions in the water rules to ensure they continued to meet the needs of Victorian water consumers.<sup>28</sup>

The review analysed how water businesses have implemented the family violence provisions, and what this meant for customers affected by family violence. While the review found that the family violence provisions remained appropriate, it did identify opportunities for improvement and actions for the commission to undertake.

We consider that these learnings also have relevance to the energy sector and this code of practice review. They may support better practice approaches by energy retailers.

### Our compliance and enforcement work

Vulnerability, and in particular family violence protections, is an enduring compliance and enforcement priority of the commission. As part of our compliance and enforcement activities we have conducted investigations into potential breaches of family violence provisions in the code of practice. We will consider the outcomes of these investigations to assess whether any existing rules are unclear and should be clarified to achieve the intended protection for customers.

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<sup>26</sup> Red Energy and Lumo Energy submitted a rule change request to introduce new family violence requirements under the NERR that was supported by the Australian Energy Regulator, who considered that consistency between national and Victorian frameworks should be pursued to the extent practicable. For more information, see Rule change request – Family Violence Protections for Energy Customers, 23 September 2021.

<sup>27</sup> Essential Services Commission, [Amendments to water customer service codes April 2017: Final decision](#), 10 April 2017

<sup>28</sup> Essential Services Commission, [Water Industry Standards Family Violence Provisions Review](#), 20 July 2023.

## Potential changes

As part of the review, we are considering potential amendments to the existing family violence provisions in the code of practice. This includes comparing family violence protections under the NERR to identify any elements that would strengthen existing Victorian protections. Adopting these elements into the Victorian energy rules would also have operational benefits for retailers who operate in multiple states or territories beyond Victoria.<sup>29</sup>

We understand that stakeholders may already consider the existing Victorian protections as 'leading practice' and so there may be a limited need to adopt certain NERR requirements. Alternatively, stakeholders may consider that while the NERR rules have the potential to deliver benefits to consumers, they may have not been in place long enough to assess whether specific obligations under the NERR will lead to stronger protections for Victorian consumers.

For example, the code of practice specifically requires energy retailers to provide family violence training, while the NERR obliges energy retailers to provide for staff capability.<sup>30</sup> While the training obligation in the Victorian rules appears to have a narrower focus in comparison to the NERR rules, we note that a training obligation in the water rules (which is similar to the obligation in the energy sector) was evaluated and found to be appropriate. We are interested in views from stakeholders on whether adopting the NERR approach will ensure improved outcomes for customers in Victoria.

Other elements under the NERR that may strengthen the Victorian rules include:

- additional requirements on businesses in order to avoid repeated disclosures of a customer's experience of family violence
- expanding the definition of family violence to includes carers and Aboriginal and Torres Strait Islander kinship relationships
- expanding current debt management rules in the code of practice so they apply to retailers when transferring debts to third party debt collectors
- reviewing existing account security rules in the code of practice to safeguard an affected customer's personal information and ensuring the disclosure of family violence status does not adversely impact their supply of energy.

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<sup>29</sup> As per section 8A(f) of the *Essential Services Commission Act 2001*, the commission must have regard to consistency in regulation between States and on a national basis.

<sup>30</sup> Australian Energy Market Commission, [Protecting customers affected by family violence, Rule determination](#), 15 September 2022, p. 45.

Informed by our recent compliance and enforcement activities, there may be a need to consider whether clarity is needed for when a retailer ought to be aware of a customer's status as a family violence affected customer. We are interested in stakeholder views on potential changes that will improve outcomes for customers.

We will continue to support retailers in the implementation of safe and effective family violence responses.<sup>31</sup> We are also exploring options to encourage better practice across retailers including our [Safety by Design partnership to support energy and water consumers experiencing family violence](#).

#### **Questions for stakeholders:**

1. Are there any specific rules in the NERR we should consider including in the code of practice that would strengthen family violence protections for Victorian customers?
2. Are there any family violence protections in the water sector we should replicate in the code of practice?
3. Are there any other protections we should consider including in the code of practice to further support consumers affected by family violence?

## **Payment Difficulty Framework**

The Payment Difficulty Framework came into effect on 1 January 2019. We introduced the framework as a set of rules in the code of practice in response to increasing numbers of customer disconnections for being in energy arrears.<sup>32</sup>

The framework aims to help customers who struggle to pay their energy bills and ensures fair treatment, prevent unauthorised disconnections and promote positive outcomes for energy consumers.<sup>33</sup>

The framework entitles Victorian energy customers anticipating or experiencing payment difficulty to minimum levels of assistance. The objective of this tailored assistance is to give residential customers who are in arrears an entitlement to minimum standards of flexible and practicable

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<sup>31</sup> For more information, see [Family violence resources for businesses](#), Essential Services Commission, accessed 30 April 2024.

<sup>32</sup> The Payment Difficulty Framework was developed in 2017 and effective from 1 January 2019 when the code of practice was amended.

<sup>33</sup> [Payment difficult framework implementation review 2021](#), Essential Services Commission, accessed 30 April 2024.

assistance that makes it easier for them to pay for their on-going energy use, repay their arrears and lower their energy costs.<sup>34</sup>

These minimum standards of assistance and the obligations for retailers in providing that assistance are set out in the code of practice.

Under the Payment Difficulty Framework, the disconnection of a residential customer who is facing payment difficulties can only be used as a measure of last resort. The framework covers critical areas such as customer contracts, billing disputes and, importantly, payment difficulties for customers experiencing vulnerability.

In 2021-22, we commenced a review of the framework (the Payment Difficulty Framework Implementation review).<sup>35</sup> This review focused on evaluating the implementation of the framework in meeting its objectives, relying on direct customer experiences, and data and information relating to the implementation of the framework.

As part of this review, we are proposing to assess potential adjustments to the following Payment Difficulty Framework obligations:

- Training requirements
- Placing debts on hold for six months
- Accessibility of Utility Relief Grants (URGS) information
- Assistance and information on energy efficiency.

## Training requirements

We are considering including training requirements in the code of practice. We consider that customer service staff should be appropriately trained to assist customers experiencing vulnerability or hardship issues beyond family violence matters.

## Current requirements

The purpose of the Payment Difficulty Framework obligations is to require a retailer to be supportive and flexible in helping a customer when managing their personal and financial security

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<sup>34</sup> Clause 126 of the code of practice.

<sup>35</sup> ['Payment difficult framework implementation review 2021'](#), Essential Services Commission, accessed 30 April 2024.

in relation to energy related matters. Currently, the code of practice requires a retailer to provide family violence training.<sup>36</sup> A retailer must ensure that this training addresses:

- the nature and consequences of family violence
- the application of the retailer's family violence policy
- how to identify affected customers and how to engage appropriately and effectively with affected customers.<sup>37</sup>

## Context for change

Access to affordable and reliable energy remains a critical challenge for government, industry and consumers. This challenge is acutely felt with growing numbers of Victorians struggling to afford their energy costs. The scale of energy affordability challenges has been compounded in recent years, as cost of living pressures grow. Reports suggest that more consumers experiencing vulnerability are accessing tailored assistance, as evidenced in 2022-23 with electricity and gas retailers supporting on average, 65,268 and 54,139 respective customers per month.<sup>38</sup> This signifies a 5 and 13 per cent increase for electricity and gas consumers compared with the previous financial year.

Consumer advocates and government organisations are persistently reporting similar findings regarding the importance of additional support for consumers experiencing significant energy hardship. This includes improving access on how to save on energy bills.<sup>39</sup> The AER is also conducting a review of payment difficulty protections within the NECF, which aims to enhance protections and improve outcomes for consumers facing payment difficulties in NECF jurisdictions.<sup>40</sup>

A key finding of the Payment Difficulty Framework Implementation review was that the level and quality of retailer-customer engagement affected customer outcomes.<sup>41</sup> Given this, the Payment

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<sup>36</sup> Under subclause 149(1) of the code of practice, a retailer must ensure that training is provided to any person (including employees, agents and contractors) acting on its behalf who: (a) may engage with affected customers by any means of communication; (b) is a manager of a person identified in subclause 149(1)(a); or (c) is responsible for systems and processes that guide interactions with small customers.

<sup>37</sup> Subclause 149(2) of the code of practice.

<sup>38</sup> Essential Services Commission, [Victorian Energy Market Report 2022-23](#), 30 November 2023, p. 7.

<sup>39</sup> Consumer Action Law Centre, [Energy Assistance Report 3rd Edition - Understanding the experience of Victorians dealing with energy hardship](#), June 2023; Australian Energy Regulator, [Annual retail markets report 2022-23](#), November 2023.

<sup>40</sup> [Review of payment difficulty protections in the National Energy Customer Framework: Issues Paper](#), Australian Energy Regulator, accessed 27 May 2024.

<sup>41</sup> [Payment difficult framework implementation review 2021](#), Essential Services Commission, accessed 30 April 2024.

Difficulty Framework Implementation review identified some suggested actions that retailers could implement to improve the quality of customer engagement, including:

- regular training for retailer staff about the importance of empathy in interactions with customers
- targeted approaches to support customers experiencing particular types of barriers
- ensuring communication materials are accessible particularly for culturally and linguistically diverse (CALD) customers, customers with low literacy and customers with a disability.

We have heard that more rigorous retailer training requirements would be beneficial to implement and promote greater customer service when interacting with customers experiencing vulnerability or hardship. With rising cost of living pressures, we expect there will be a growing segment of financial hardship customers struggling to pay their energy bills and needing to engage with their retailer in relation to this.

### Potential changes

We are considering strengthening Payment Difficulty Framework training requirements under the code of practice.

We will review existing obligations related to the provision of tailored advice and information when a customer contacts their retailer to seek payment difficulty assistance. Potential changes may include requiring retailer customer service staff to be appropriately trained to assist customers experiencing different vulnerability or hardship issues (and not only family violence matters).

When assessing these potential changes, we will consider the feedback we received as part of the Payment Difficulty Framework Implementation review on the importance of regular training about how to interact with consumers and taking a targeted approach when supporting consumers facing different types of barriers.

We will also consider how a retailer could be trained to provide timely information about all Payment Difficulty Framework entitlements, taking into consideration a customer's specific circumstances. The objectives of these potential changes will be to increase support for consumers experiencing vulnerability so they receive the tailored assistance they are entitled to.

#### Questions for stakeholders:

4. In your view, what aspects of the code of practice (if any) related to the Payment Difficulty Framework should be revised to better support consumers experiencing vulnerability or hardship?
5. Do you have any suggestions about how to improve the current Payment Difficulty Framework training obligations established in the code of practice?

6. Do you consider that retailers should be required to train their staff to assist customers experiencing different vulnerability or hardship issues (beyond the current obligation to train staff on family violence matters)? If so, what are the costs and benefits of imposing these additional training requirements?

## Obligation to place debt on hold for six months

We are seeking feedback on the obligation of a retailer to place a customer's existing debt on hold for six months. We note that, while it can provide temporary relief for some customers, it may lead to further debt for those who fail to pay the next bill during the debt hold period.

### Current requirements

Under current rules, if a customer cannot afford to pay for the energy used, or any accumulated debt, a retailer is required to provide tailored assistance that includes putting repayment of the residential customer's arrears on hold for an initial period of at least six months.<sup>42</sup> During this period, a residential customer pays less than the full cost of their on-going energy use, while simultaneously working to lower their energy usage.

This measure affords a retailer and a customer the time and opportunity to engage on working towards a solution. If a customer reduces their energy consumption and makes bill payments throughout this initial six-month period, the retailer may extend the hold on debt. During this debt holding period, a retailer cannot disconnect a customer due to non-payment. This is a protection intended to help a customer facing financial difficulties.

### Context for change

The obligation to place debt on hold for six months is a component of the Payment Difficulty Framework that has been subject to previous consultation.

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<sup>42</sup> Subclause 128(1)(g) of the code of practice.

As part of the Payment Difficulty Framework Implementation review, stakeholders expressed different views about the appropriateness of allowing a customer to pause their repayment of arrears.<sup>43</sup> Retailers noted that this assistance doesn't provide the customer tools to help manage arrears whilst supporting ongoing consumption longer term.<sup>44</sup>

For a customer who can continue to pay for their ongoing energy usage during the holding period, pausing payment of arrears can provide temporary relief. However, retailers noted that in the case of a customer who cannot pay for their ongoing energy use, pausing arrears payments can further compound a customer's difficult financial position (if a customer continues to miss future energy bills leading to increased arrears). This would be a particular issue for those already in high arrears.<sup>45</sup> We consider it necessary to explore whether it is in the best interest of a customer to accrue potentially much higher debt after having their initial debt put on hold for six months.

Another retailer suggested that this assistance might be 'more suitable for lower debt' and that it would otherwise 'increase the likelihood of arrears becoming unmanageable'.<sup>46</sup> It was also noted that this form of assistance may be more effective when offered in conjunction with other external assistance, 'such as a financial counsellor supporting a customer's general ability to manage their finances'.<sup>47</sup>

Community sector stakeholders suggested other measures to lower consumption or overall bills should be prioritised for customers as a form of early intervention. This could include conducting more proactive checking of appropriate tariffs for customers, or ensuring all eligible customers receive help to access concessions or utility relief grants.<sup>48</sup> However, we note that there may be benefits for some customers, including victims of family violence, from putting energy debts on hold while they organise their finances and manage other debts.

We note that putting a customer's debt on hold for at least six months is not widely accessed by customers, as it is one type of tailored assistance. However, we are aware that some tailored assistance customers sign-up to this arrangement with the sole objective of avoiding

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<sup>43</sup> Essential Services Commission, [Payment difficulty framework implementation review 2022: Findings report](#), 31 May 2022.

<sup>44</sup> Essential Services Commission, [Payment difficulty framework implementation review 2022: Findings report](#), 31 May 2022, p. 95.

<sup>45</sup> Origin Energy, *RE: Energy payment difficulty framework implementation review*, 30 November 2021; Alinta Energy, *Energy Payment Difficulty Framework Implementation Review*, 24 December 2021; EnergyAustralia, *Payment Difficulty Framework Implementation Review*, 30 November 2021.

<sup>46</sup> Essential Services Commission, [Payment difficulty framework implementation review 2022: Findings report](#), 31 May 2022, p. 95.

<sup>47</sup> Ibid.

<sup>48</sup> Essential Services Commission, [Payment difficulty framework implementation review 2022: Findings report](#), 31 May 2022, p. 97.



disconnection, unaware of the potential economic risks involved or other available options that could be better suited to their circumstances.

We are aware that as part of the Payment Difficulty Framework Implementation review, some stakeholders suggested that a retailer could voluntarily consider other options, such as debt waivers or payment matching, depending on a customer's circumstances.<sup>49</sup> We understand that some retailers voluntarily provide this type of assistance to further support customers. This assistance is beyond the requirements of the Payment Difficulty Framework. We consider it is still appropriate to provide this type of assistance and we encourage retailers to explore the implementation of additional voluntary support measures.

### Potential changes

We will assess the appropriateness of pausing arrear payments.

As part of this review, we will assess if the short-term benefits of placing debts on hold outweigh potential costs and risks, such as worsening the financial position of customers who have already accrued high levels of arrears.

We are seeking stakeholder feedback on whether placing debt on hold for at least six months is supporting customers facing significant payment difficulties to reduce their debt over time.

#### Questions for stakeholders:

7. Are you aware of any customers who have had their debt placed on hold? If so, has the hold helped them reduce their debt in the long term?
8. How might this obligation be amended to better support customers experiencing significant payment difficulties?

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<sup>49</sup> Essential Services Commission, [Payment difficulty framework implementation review 2022: Findings report](#), 31 May 2022, p. 96.

## Accessibility of Utility Relief Grants (URGs) information

Under the current rules, a retailer must provide specific advice and practical assistance to help an eligible customer to apply for URGs. We are seeking stakeholder feedback on whether the URGs obligations set in the code of practice are being implemented as intended or if any guidance could be provided.

### Current requirements

URGs supports eligible residential customers to pay an electricity, gas or water bill that is overdue due to a temporary financial crisis,<sup>50</sup> to help reduce utility debt and building financial capability.

URGs are administered by the Victorian Government and the Department of Families, Fairness and Housing set the eligibility criteria. We do not set the URGs scheme value or eligibility criteria.

As mentioned above, a residential customer who is in arrears is entitled to minimum standards of flexible and practicable assistance. One of these minimum standards is the provision of tailored assistance. In relation to URGs, a retailer must provide:<sup>51</sup>

- specific advice about any government and non-government assistance (including URGs and energy concessions) available to help a residential customer meet their energy costs and
- practical assistance to help a customer that may be eligible for an URGs, including by:
  - completing the online application form over the phone and lodging the form online on behalf of the residential customer, unless the residential customer requests otherwise or
  - if the retailer is unable to complete and lodge a URGs application form over the phone, the retailer completing the application form to the extent possible and sending to the residential customer with instructions on how to complete and lodge the form.

Retailers must also have a financial hardship policy, approved by the commission. These policies must include the entitlements to minimum assistance set out in the Payment Difficulty Framework, including tailored assistance in relation to URGs. Retailers must ensure these policies are easily accessible on their website, and must include information about government and non-government assistance (including URGs and energy concessions).<sup>52</sup>

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<sup>50</sup> '[Utility relief grant scheme](#)', Department of Families, Fairness and Housing, accessed 30 April 2024.

<sup>51</sup> Subclauses 128(1)(d) and 128(1)(e) of the code of practice.

<sup>52</sup> Subclauses 138(1), 138(2) and 138(3) of the code of practice.

## Context for consideration

In our March 2024 Victorian Energy Market Report, we noted an increasing number of energy customers requesting and receiving URGs between July to December 2023, compared to the same period in 2022. DFFH also approved more URGs applications during the same period.<sup>53</sup>

Despite this, there might still be barriers and implementation challenges preventing a customer from accessing URGs and energy concessions. We are aware that some customers might be receiving inconsistent or insufficient help from retailers to access energy concessions and URGs.

For instance, as part of the Payment Difficulty Framework Implementation review, we found inconsistency between retailers (and between different staff of the same retailer) when it came to offering URGs, including reports of low awareness of URGs within retailers.<sup>54</sup>

Consumer advocates have also raised concerns about different matters related to URGs:

- **Timeliness of applications.** Customers have reported experiencing delays in grant processing. For people facing the prospect of being disconnected, timely assistance is critical.
- **Grant amounts.** The effectiveness of relief grants often depends on the amount of the grant, as some households may only receive grants that alleviate a fraction of their energy bill. Tailoring grant amounts based on household or individual circumstances may enhance their impact.
- **Lack of awareness.** Many eligible URGs recipients are unaware of the grants available to them. A limited awareness of the grants can prevent access to support when it is most needed.
- **Application process.** The URGs application process can be complex to navigate or overwhelming for some customers, as it may require extensive paperwork and eligibility documentation.<sup>55</sup>

While some of these concerns raised by consumer advocates relate to matters that are not within the commission's regulatory remit, existing URGs and energy concessions obligations in the code of practice may not be consistently delivering the expected outcomes for consumers.

## Potential solutions

The code of practice already includes obligations for retailers to:

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<sup>53</sup> Essential Services Commission, [Victorian Energy Market Report: March 2024](#), 26 March 2024, p. 19.

<sup>54</sup> Essential Services Commission, [Payment difficulty framework implementation review 2022: Findings report](#), 31 May 2022, p. 153.

<sup>55</sup> Consumer Action Law Centre, [Energy Assistance Report 3<sup>rd</sup> Edition – Understanding the experience of Victorians dealing with energy hardship](#), June 2023.

- provide a customer with specific advice about any government and non-government assistance (including URGs and energy concessions) to residential customers and
- provide a customer practical assistance to complete and lodge an URGS application.

Although these obligations are already prescriptive, we are open to stakeholder views on potential adjustments to the rules, to improve customer outcomes.

We are also interested in further understanding the barriers for customers accessing URGs, or for retailers to fulfil their obligations as intended. We are open to other interventions for improving the uptake of URGs, which could include supporting retailers to comply or addressing any practical or system barriers.

#### Questions for stakeholders:

9. In your experience, are retailers implementing URGs and energy concessions obligations as intended? Are there any barriers that need to be addressed, and if so, how?
10. Are there any potential adjustments to the URGs and energy concessions obligations that we should consider including in the code of practice?

## Assistance and information on energy efficiency

The code of practice requires a retailer to provide practical assistance to help a residential customer facing financial hardship to lower their energy costs. Lowering energy usage and the adoption of energy efficient appliances can support a customer to reduce energy costs.

We are seeking feedback on how retailers can better provide customers with tailored energy efficiency information and practical assistance to reduce energy usage. We are also actively looking at other options, besides a rule change, to support the uptake of energy efficient appliances and to help consumers to reduce their energy usage.

### Current requirements

Under the Payment Difficulty Framework, a retailer must provide practical assistance to help a residential customer lower their energy costs. This is required as part of the tailored assistance a retailer must provide to a residential customer who is in arrears. It includes:

- practical assistance to help a residential customer who is in debt to reduce their use of energy, based on pattern of energy use and on the circumstances of where the residential customer lives, provided there is scope for action to be taken for that purpose. Sup

- information about how the residential customer is progressing towards lowering their energy costs given at sufficient intervals for the residential customer to be able to adequately assess that progress.<sup>56</sup>

In addition, a retailer is currently required to have readily available information about approaches to lowering energy costs for a residential customer about approaches to lowering energy costs.<sup>57</sup>

### Context for consideration

Higher usage is a key driver of higher electricity bills for households receiving payment difficulty support. Lowering energy usage and the adoption of energy efficient appliances can support customers to reduce energy costs.

In our March 2024 Victorian Energy Market Report, we stated that ‘many customers who receive payment difficulty support are part of households that consume more energy from the grid than other households. This results in higher bills, even when charged at a lower effective price’.<sup>58</sup> From 2018 to 2022, households on payment difficulty support used between 27 and 34 per cent more electricity than households that were not receiving payment difficulty support from their retailer.<sup>59</sup>

As mentioned on our March 2024 Victorian Energy Market Report:

‘There are many reasons why some households use more energy from the grid than others. Some examples include low-efficiency products, housing arrangements, housing quality as well as events that contribute to a customer’s experience of vulnerability. Some customers also face barriers in reducing their grid-supplied electricity consumption. For example, tenants may have difficulty installing energy efficient upgrades and solar in rented properties’.<sup>60</sup>

In 2021, in our Payment Difficulty Framework Implementation review, we noted the importance of improving appropriateness and timing of the assistance provided by retailers to customers about lowering energy usage and costs.<sup>61</sup>

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<sup>56</sup> Subclauses 128(1)(f)(ii) and 128(1)(f)(iii) of the code of practice.

<sup>57</sup> Subclause 138(3)(c) of the code of practice.

<sup>58</sup> Essential Services Commission, [Victorian Energy Market Report: March 2024](#), 26 March 2024, p. 6.

<sup>59</sup> Essential Services Commission, [Victorian Energy Market Report: March 2024](#), 26 March 2024, p. 7.

<sup>60</sup> Essential Services Commission, [Victorian Energy Market Report: March 2024](#), 26 March 2024, p. 6.

<sup>61</sup> Essential Services Commission, [Payment difficulty framework implementation review 2022: Findings report](#), 31 May 2022, p. 90.

The Australian Energy Regulator makes a similar assessment in its Game Changer report. That is, to avoid continued debt accrual and help consumers experiencing financial hardship escape a cycle of unmanageable energy bills, it is crucial to help these consumers reduce their energy consumption through energy efficiency improvement.<sup>62</sup>

## Potential solutions

The Payment Difficulty Framework currently requires a retailer to provide tailored information and practical assistance to help a residential customer who is in debt to reduce their energy usage. Retailers must provide tailored information, taking into consideration a customer's specific circumstances. We also expect a retailer to provide specific information on energy efficiency and offers available to a customer to upgrade their appliances.

There are different options available to small customers to reduce energy usage and increase energy efficiency (such as switching to more efficient energy appliances and changing consumption patterns).<sup>63</sup>

However, it may be difficult for retailers to implement solutions for a wide variety of customer needs and circumstances. For example, one type of energy efficiency advice or appliance upgrade may be useful to one customer, but ineffective for another customer.

More generally, we are mindful of circumstances where retailers may not be best placed to offer advice on energy efficiency. We encourage feedback on individual circumstances where this may be the case, or any other potential barriers retailers may face in sharing advice.

We have started working with retailers to identify how information about available support programs and tools (such as Home Energy Rating Assessments, the Victorian Energy Upgrades program and other energy efficiency schemes) may be provided to increase consumer awareness, accessibility and uptake of energy efficiency measures. These supports can help retailers give tailored energy efficiency advice to a customer.

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<sup>62</sup> Australian Energy Regulator, [Game changer report](#), November 2023, p. 15.

<sup>63</sup> For more information, see the Victorian Government's '[Top 10 energy saving tips](#)', Department of Energy, Environment and Climate Action, accessed 30 April 2024.

## Home Energy Rating Assessments: A Victorian Energy Upgrades program activity

In May 2023, the Victorian Energy Upgrades program introduced home energy rating assessments. Eligible residential customers can get a discount or rebate to assess the energy performance of their home and its fixed appliances through the Residential Efficiency Scorecard.<sup>64</sup> In some cases, these assessments can be free of charge.

The assessment is conducted by an accredited Scorecard assessor. The assessment result is a rating scorecard that details the energy performance of the home. It may also provide homeowners or tenants with:

- possible actions that could be taken to improve the home's energy performance
- information on the costs associated with any energy efficiency upgrades
- who to contact to arrange an upgrade
- the benefits of undertaking energy efficiency upgrades.

The energy efficiency information provided by the Scorecard assessor can cover issues relating to heating and cooling, lighting, hot water systems, air leakages and insulation.

The provision of information about home energy rating assessments is one way retailers can provide practical assistance to support customers who are in debt to reduce their energy usage. We understand some retailers are providing this information voluntarily. In March 2024, we held an operational roundtable for the energy industry. We presented potential opportunities for retailers to consider home energy rating assessments and other activities covered by the Victorian Energy Upgrades program. We also encouraged retailers to consider conducting pilots or trials for eligible customers.

We are seeking feedback on how retailers can better provide customers with tailored energy efficiency information and practical assistance to reduce energy usage. This could be through

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<sup>64</sup> Under the Victorian Energy Upgrades program, households can get a Scorecard assessment for an existing house or townhouse, or unit or apartment. Customers cannot get a Scorecard assessment in a home that shares heating, ventilation and air conditioning with other dwellings.

Assessments are not eligible for Victorian Energy Upgrades rebates/discounts for customers that have received a Victorian Energy Upgrades-incentivised Scorecard assessment at their current address in the last 5 years. Rooming houses, guest houses, hostels, designated student accommodation and houses on retirement village land are not eligible. For more information on the eligibility criteria for Scorecard assessments, see [Home energy rating assessments](#).

More information on Home Energy Rating Assessments can be found at '[Home energy rating assessment activity](#)', Essential Services Commission, accessed 30 April 2024.

expanding on current obligations to provide practical assistance, or by linking retailers with existing energy efficiency programs (such as the Victorian Energy Upgrades program).

**Questions for stakeholders:**

11. Should the code of practice introduce more prescriptive or expanded obligations about how energy efficiency advice should be delivered? What are the costs and benefits of these changes?
12. Are there other non-prescriptive alternatives to encourage better practice across retailers to connect customers with existing energy efficiency government programs (such as the Victorian Energy Upgrades program)?



## 4. Supporting the choices of energy consumers

This chapter addresses ways to support the choices of energy consumers, which includes reviewing:

- how to support consumers who want to disconnect from gas
- energy bill information requirements
- how retailers communicate and fulfil 'best offer' obligations
- the currency and accuracy of information retailers provide to Victorian Energy Compare as the independent price comparator.

### Supporting customers who want to disconnect from gas

We are considering new requirements for retailers to provide information to a customer who wants to disconnect from gas networks. This could include new rules clarifying timeframes, procedures, charges and billing arrangements related to abolishments of gas connections.

#### Current requirements

The code of practice currently only refers to gas disconnections in the context of a customer not paying a bill, not complying with certain requirements, or when a customer requests a disconnection. It does not refer to the abolishment of gas connections, which involves the permanent removal of gas meters and the capping or removal service lines to a property.

In June 2023, the Australian Energy Regulator decided to lower the fees that Victorian gas distributors may charge a customer for abolishing their gas connection.<sup>65</sup> However, legislation and the current code of practice do not distinguish between disconnections and abolishments.

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<sup>65</sup> This fee charged by a gas distributor is now set at \$220 (exc. GST) and applies to residential customers. The AER also allowed accelerated depreciation of gas networks in Victoria in its final decision on access arrangements for 2023-28.

Retailers have no requirements in the code of practice related to gas abolishments. This is because historically, abolishments have been requested by few customers, usually when demolishing or rebuilding a property.

There are also no requirements in the current code of practice related to potential future changes in the type of gas that may be provided to a customer. This would occur, for example, if hydrogen is blended with natural gas in a distribution system.

## Context for change

The regulatory and policy environment for gas networks has changed in recent years. We have recently modernised rules that apply to Victorian gas distributors to support the long-term interests of consumers, namely the net-zero transition.<sup>66</sup> More broadly:

- The Victorian Government has made a broader commitment to climate action and reducing greenhouse gas emissions. The current target is net-zero emissions by 2045.<sup>67</sup>
- The Victorian Government implemented a plan to [phase out gas for new homes](#) by amending Victorian Planning Provisions.<sup>68</sup> The changes mean that new homes and subdivisions which require a planning permit are prohibited from connecting to gas if the planning permit application was lodged after 1 January 2024.
- The new 7-star efficiency standards for new homes has come into effect on 1 May 2024 as part of an amendment to the [National Construction Code](#).<sup>69</sup> These new standards require new home builds to meet higher energy efficiency standards based on thermal efficiency (energy required to heat or cool the house) and annual energy use.
- There are several incentives for a customer to install efficient electric appliances such as heat pumps, reverse cycle air conditioners and electric induction cooktops. The Victorian Energy Upgrades program offers incentives of up to \$3,600 to install efficient electric appliances such as heat pumps, reverse cycle air conditioners and electric cooktops.<sup>70</sup>

However, a customer who wishes to permanently disconnect from gas networks lacks clear information about the options, charges, timeframes and processes for requesting disconnections or

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<sup>66</sup> [‘Reviewing the Gas Distribution System Code of Practice’](#), Essential Services Commission, accessed 13 May 2024.

<sup>67</sup> [‘Climate action targets’](#), Department of Energy, Environment and Climate Action, accessed 30 April 2024.

<sup>68</sup> [Amendment VC250](#) to Victoria Planning Provisions, 1 January 2024.

<sup>69</sup> [‘7-Star Homes Program’](#), Sustainability Victoria, accessed 30 April 2024; [‘7 star energy efficiency building standards’](#), Department of Energy, Environment and Climate Action, accessed 30 April 2024.

<sup>70</sup> Department of Energy, Environment and Climate Action, [Gas Substitution Roadmap Update: Victoria’s Electrification Pathway](#), December 2023.

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abolishment.<sup>71</sup> The lack of clarity may be compounded for culturally and linguistically diverse (CALD) communities.

As an increasing number of Victorian customers are expected to reduce or stop using gas in the coming years, there is an opportunity to improve processes and information to assist a customer in this transition. The Australian Energy Market Operator (AEMO) modelled that annual system gas consumption will decrease by 9.6% from 2024 to 2028.<sup>72</sup>

We took a first step in this direction in our new Gas Distribution Code of Practice.<sup>73</sup> As part of that review, we have introduced definitions of ‘disconnection’ and ‘abolishment’ and we will require a gas distributor to:

- abolish a customer’s gas connection at the direction of a retailer (when requested by a customer)
- provide information on their website about the processes, timeframes and applicable charges for disconnection and abolishment
- use best endeavours to abolish a gas connection within 20 business days of receiving a direction to do so.

A customer who wishes to disconnect from the gas network will generally communicate with their retailer in relation to processes and information (rather than their gas distributor). Often a retailer’s information and disconnection processes have not been updated to reflect the increasing numbers of customers who may request an abolishment due to electrifying their appliances (as opposed to demolishing or rebuilding their home).

Additionally, we note recent changes to the NERR require a retailer to:

- update the terms and conditions of market retail contracts so that a customer can find information on their distributor’s website about the type of gas supplied to their premises

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<sup>71</sup> Energy and Water Ombudsman Victoria, [submission to the Essential Services Commission consultation paper ‘Gas Distribution System Code of Practice review: Draft Decision’](#), 20 December 2023, pp. 1–2.

<sup>72</sup> ‘System consumption’ comprises residential, commercial, and industrial customers as well as compressor and heater fuel gas and unaccounted for gas. For more information, see Australian Energy Market Operator, [Victorian Gas Planning Report Update](#), March 2024, pp. 4, 28.

<sup>73</sup> [‘Reviewing the Gas Distribution System Code of Practice’](#), Essential Services Commission, accessed 13 May 2024; Essential Services Commission, [Gas Distribution Code of Practice \(version 1\)](#), 9 May 2024.

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- notify a customer who requests historical billing data that the customer can find information about changes to the type of gas that may be supplied and the date of any change to the type of gas on their distributor's website.<sup>74</sup>

These rules apply in other jurisdictions, but do not apply in Victoria.

## Potential changes

### Provision of information on disconnection and abolishment

We consider that it may be appropriate to introduce new provision of information requirements for retailers relating to disconnections and abolishments. These would align with the new requirements for gas distributors and ensure that a customer has access to clear information from their retailer as well as from their gas distributor.

We are considering new requirements for information to be provided in clear, simple and concise language and in a format that makes it easy for a customer to understand. This will align with obligations in the Gas Distribution Code of Practice.<sup>75</sup>

If requested by a customer from a culturally and linguistically diverse background, we are also proposing that the retailer would need to use its best endeavours to provide the information in a language other than English as requested by the customer. Such provision of information requirements could include providing information on websites and through customer service agents on:

- the different forms of cessation of supply (disconnection and abolishment), including a description of what each involves, procedures and timeframes
- applicable charges for a residential customer for disconnection, abolishment and reconnection
- the circumstances in which a disconnection may happen and in which abolishment is required
- the rights of a customer seeking a disconnection, reconnection, or an abolishment of a customer's gas connection.

We consider that these information requirements would improve clarity for the customer and increase the timeliness of the completion of these requests. It would also minimise consumer harm and potential complaints caused by confusing processes and charges.

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<sup>74</sup> See the [National Energy Retail Amendment \(Other Gases\) Rule 2024](#).

<sup>75</sup> Clause 6.4.4. of the Gas Distribution Code of Practice.

## Billing arrangements and clarity on additional abolishment charges

A customer who has stopped using gas and no longer has an account with a gas retailer may face difficulties requesting an abolishment. New rules may increase a customer's awareness of the process for requesting an abolishment before closing their gas account.

We are aware of customers continuing to receive correspondence and being billed by retailers for the gas daily service charge after they have stopped using gas and have closed their account with the retailer. In addition, in some cases, there may be difficulties related to billing for abolishment requests when premises are occupied by a tenant. We consider that new rules may help address some of these issues.

A customer may also benefit from more clarity on any additional charges that a retailer may be adding to the standard charge for abolishment set by gas distributors and the Australian Energy Regulator.

## Notifying customers of timeframes and completion of disconnection or abolishment works

Our revised Gas Distribution Code of Practice sets a timeframe for gas distributors to abolish gas connections when requested. However, there are currently no timeframes for a retailer to pass on requests from a customer to their gas distributor. Nor are there any requirements for a retailer to notify a customer of such timeframes, or when an abolishment is completed.

We are considering introducing rules on notifying a customer of timeframes and completion of disconnection or abolishment works. The intention is to improve the process for a customer, and to provide them more clarity and certainty about the date from which they will no longer be subject to any gas charges.

## Information on the type of gas supplied

We are also considering changes to the code of practice to align it with the recent amendments to the NERR. These amendments require a retailer to direct a customer to their distributor's website in relation to changes to the type of gas that may be supplied to the customer's premises, including how it affects historical billing data.

### Questions for stakeholders:

13. Do you see a need for improving processes and information for a customer who wants to disconnect from or abolish their gas connections?
14. Do you have any views on our proposed provision-of-information requirements related to disconnections and abolishments?

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15. Do you have any views on whether there is a need for new rules on timeframes and notification requirements for abolishing gas connections?

16. To strengthen protections for a customer wanting to disconnect from gas, are there any other obligations on a retailer we should consider introducing in the code of practice?

## Bill information requirements

Energy bills should support consumers to understand where and how they use energy, cost breakdowns, and how to access support and best offers.

We are assessing whether the information required on energy bills is sufficiently easy to understand and facilitating customer engagement as intended. We present three potential options for improving bill information.

### Current requirements

Under the current rules, a retailer must prepare electricity and gas bills that conform to a small customer's retail contract.<sup>76</sup>

These bills must include a variety of information including but not limited to:

- customer identifying data
- applicable charges
- tariffs and meter readings
- consumption data
- available payment methods
- details of any credits or security deposits (if applicable)
- details of interpreter services
- telephone numbers for enquiries and complaint lines, in addition to information about the price comparator and how to use it

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<sup>76</sup> Clause 63 of the code of practice.

- bill benchmarking information and reference to the Victorian Default Offer (VDO) (for electricity bills only).<sup>77</sup>

## Context for change

We have heard that information on energy bills may be too complex for consumers. This can result in consumers not reading the bill, or not noticing important information such as the best offer message, or how to contact support services like the Energy and Water Ombudsman Victoria (EWOV). In some cases, a customer may be unaware of how to contact their retailer regarding their bills, and resort to scanning the internet or reading letters to find this information.<sup>78</sup>

Given the increasing electrification of households, small businesses and the changing regulatory requirements for gas markets, gas bills play a key role in clarifying complex information for consumers. However, this is not currently the case. Clearer, more accessible billing information is required to assist consumers understand price changes and easily identify issues or anomalies with their service. To this end, EWOV recognised the following quarterly trends in November 2023 that point to increasing gas bill complexity:

- cases related to a billing error increased 80 per cent from the last quarter
- cases relating to a billing tariff issue increased 150 per cent from the last quarter
- cases relating to billing estimation issues increased 109 per cent from the last quarter.<sup>79</sup>

For a customer, energy bills are not the only means of communicating with their retailer. Bill information obligations are intended to support consumers in understanding how their energy service works, what they're paying for those services, and to identify any problems with the service.

We recognise that 'useful information' in respect of billing information varies across consumer types. For example, some consumers may engage with their bill to understand seasonal usage trends and breakdowns. In contrast, other consumers may follow the link in an email to pay their

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<sup>77</sup> Bill benchmarking information is defined in clause 40P of the *Electricity Industry Act 2000* as information that enables a customer to make a comparison between the use of electricity at the residential customer's place of supply and the average use of electricity at similar places of supply; and assess whether the use of electricity at the residential customer's place of supply is above, equal or below the average use of electricity at similar places of supply. Clause 40R of the *Electricity Industry Act 2000* requires a licensee to provide bill benchmarking information, and also to include information in each electricity bill about the greenhouse gas emissions connected with the generation of the electricity so supplied or generated.

<sup>78</sup> Essential Services Commission, [Customer Impact Reporting for Victorian Energy Market Report](#), October 2019, p. 4.

<sup>79</sup> [Reflect – November 2023](#), Energy and Water Ombudsman Victoria, accessed 30 April 2024.

bill and not open the detailed bill at all. This means any changes to billing information would need to be proportionate and beneficial beyond current use.

We note that in September 2023, version two of the Australian Energy Regulator's [Better Bills Guideline](#) came into effect. The Better Bills Guideline is regulated under the NERR. The NERR governs the sale and supply of electricity and gas from retailers to distributors, which passes on to consumers in New South Wales, Queensland, South Australia, Tasmania and Australian Capital Territory. While the Better Bills Guideline does not apply to retailers operating within the Victorian energy retail market, we suggest that an opportunity for alignment may exist through this review.

### **The Australian Energy Regulator's Better Bills Guideline**

The Australian Energy Regulator's Better Bills Guideline works on the notion that clear and simple energy bills can build consumer trust in their retailer and help them make more confident decisions when engaging with the energy market. The guideline requires a tiered approach when presenting information on an energy bill. This aims to ensure the most important information is prominent and the bill itself is easy to understand:

**Tier 1 (first page or upfront)** – critical information including customer details, amount due, due date, payment methods, key contact information (including the relevant energy ombudsman), link to the energy offer comparison website and better offer messaging. An energy retailer can also include information related to natural disasters, pandemics and emergencies.

**Tier 2 (second page or after Tier 1)** – includes information on the plan, tariffs, charges and contact information for the customer to access additional supports like interpreter services.

**Additional information (after Tier 1 and 2)** – any other information the retailer may want to add.<sup>80</sup>

We note that retailers will need to update their systems and processes if we make any change to bill information obligations. These costs would ultimately be passed on to customers. When deciding the effectiveness of any potential changes to the content of bills, we will assess whether simplifying and clarifying information on bills would increase engagement and improve how customers interact with energy bills. We will also need to balance the benefit of requiring retailers

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<sup>80</sup> Australian Energy Regulator, [Better Bills Guideline – key obligations for energy retailers](#), February 2023.



to make changes, against the increased costs retailers may face in circumstances where we are aware that not all customers engage with their energy bills.

## Potential changes

We have identified three potential options for improving the way that bills are developed and communicated. These include:

### Option 1: Alignment of bills with the Australian Energy Regulator Better Bills Guideline

We see potential value in aligning Victoria's energy bills with the Australian Energy Regulator's Better Bills Guideline, including the positioning and prioritisation of information. This could help in maximising awareness of available government supports such as energy concessions through energy bills.

Implementing additional requirements from the Australian Energy Regulator's Better Bills Guideline could help consumers to better comprehend their bills, through simple language and appropriate presentation. However, we are conscious of the potential costs involved for retailers who operate exclusively, or primarily, in Victoria and these would require further assessment. For those retailers operating in NERR states or territories, aligning obligations with the Australian Energy Regulator's Better Bills Guideline could help reduce regulatory burden (and therefore costs).

### Option 2: Inclusion of EWOV details on the front page of bills

Alternatively, if there is specific information that would benefit energy consumers, we may make specific amendments to existing rules. For example, introducing a requirement to prominently display details of how to contact EWOV, as an extension of the existing obligation to include a telephone number for complaints.<sup>81</sup> This would help elevate awareness of EWOV's existence for the people who need its support the most. We note that the inclusion of ombudsman details is standard practice, even in states not governed by the NERR.<sup>82</sup>

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<sup>81</sup> See subclause 63(1)(v) of the code of practice for current bill information requirement as it relates to a telephone number for complaints.

<sup>82</sup> Economic Regulation Authority (WA), [Code of Conduct for the Supply of Electricity to Small Use Customers](#), December 2022. See clause 21 for the requirement to include ombudsman details amongst other ancillary information.

### Option 3: Addressing bill communication requirements

We have also heard, in relation to the Energy Assistance Program, of a significant increase in requests for accessing best offers and other entitlements due to a preference for email billing.<sup>83</sup>

Given that many retailers send bills with a summary and payment link in the email, there is an increase in reported cases where consumers are not aware of or physically see the 'best offer' as it is not in the email text. This creates an additional barrier to accessing best offers. As such, we may seek to review not only billing information requirements but requirements on the transmittal of bills (aligned to a customer's preferred communication type).

#### Questions for stakeholders:

17. Do you see a need for full alignment of energy bills with the Australian Energy Regulator's Better Bills Guideline? If so, what do you think would be the key benefits?
18. Do you think the inclusion of details for the Energy and Water Ombudsman Victoria (EWOV) would be of benefit to billing information?
19. Do you support the need for prescribed requirements related to bill communications? Are there any practical implementation issues we should consider?

### Best offer obligations

We intend to review how best offer messaging is presented on customer bills as part of the above [bill information requirements](#). However, there are additional areas we could address to support improved accessibility and availability of best offers. We assess those areas in this section, including the relevance of discounts retailers apply and contract terms & conditions around best offers.

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<sup>83</sup> ['Energy Assistance Program'](#), Department of Energy, Environment and Climate Action, accessed 30 April 2024.

See this page for more information about the Energy Assistance Program, a free service designed to support Victorians who are having trouble paying their energy bills.

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## Current requirements

Energy retailers must tell customers how much they could save by switching to the best energy plan they offer. The 'best energy offer' is based on how much energy a customer has used over the past year and may be less than the independently set VDO. 'Best offer' information is required on electricity bills at least once every three months and on gas bills at least once every four months.<sup>84</sup>

In general, the determination of best offers involves the following:

- **Calculation of the deemed best offer** which must be either:
  - the plan that a retailer offers which:
    - i. is the lowest cost generally available plan or VDO applicable to a small customer considering their annual usage history
    - ii. does not have as a precondition or condition that the small customer have or maintain a paid affiliation or membership with an entity that is unrelated to the retailer; or
  - a plan that has a lower cost than the lowest cost generally available plan or VDO applicable to the small customer.<sup>85</sup>
- **Conduct a best offer check**, determining the difference in price between the annual total cost of current plan (A) and annual total cost of the deemed best offer (B). If this difference is less than or equal to \$22, then the deemed best offer check result is 'positive'. Otherwise, if it is more than \$22, then the result is 'negative'.
- **Issue a deemed best offer message** on a small customer bill and any bill summary sent to the small customer. Deemed best offer messages have particular form and content requirements. The nature of the deemed best offer message will depend on the result of the best offer check above and will be either a *positive deemed best offer message* or a *negative deemed best offer message*.

In addition to including best offer information on bills at least once every four months, this information must also be included on any bill change alerts.<sup>86</sup> A customer can also ask their retailer for best offer information at any time.

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<sup>84</sup> See clause 110 of the code of practice in relation to frequency obligations for deemed best offer messaging.

<sup>85</sup> Subclause 108(2) of the code of practice.

<sup>86</sup> See clause 106 of the code of practice in relation to requirements for bill change alerts.

The code of practice also regulates the form and content requirements of best offer messages.<sup>87</sup>

## Context for change

Best offer obligations have been in place since 2019. These obligations aim to provide consumers with timely, transparent information to help them engage confidently with energy retailers and the energy retail market. The objective of the best offer requirements is for small customers to be well informed, allowing them to evaluate the ongoing suitability of their current plan and understand how to access the deemed best offer or offers from other retailers.

While best offer obligations have provided valuable information to consumers, there is an opportunity to adjust existing rules and improve outcomes for consumers. We estimate that residential customers could have saved \$191 million in electricity bills and \$89 million in gas bills if they were on their retailer's best offer and achieved the savings their retailer estimated.<sup>88</sup> This is due to a range of factors,<sup>89</sup> including retailer misconduct, which we became aware of through our enforcement program in 2023–24. This also included retailers failing to regularly communicate best offers on energy bills and providing incorrect or misleading best offer information, or inaccurate bill calculations.<sup>90</sup>

EWOV has noted that high bill cases surged 64 per cent compared to the same quarter last year.<sup>91</sup> Now, more than ever, consumers need support to ensure they are on the most affordable plan to suit their circumstances. It is critical that clear and readily understandable best offer messaging is reiterated through multiple channels.

In November 2023, we published a [best offer guideline](#) on our website. The guideline makes the commission's compliance expectations clear, including case studies and better practice examples. However, we note further work can be done to improve the availability and accessibility of best offers.

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<sup>87</sup> See clause 111 of the code of practice for the form and content requirements of deemed best offer messages. These are also covered in our [Best Offer Guideline](#) (November 2023).

<sup>88</sup> Essential Services Commission, [Victorian Energy Market Report: September 2023](#), 26 September 2023.

<sup>89</sup> Essential Services Commission, [Victorian Energy Market Report: September 2023](#), 26 September 2023, p. 6.

<sup>90</sup> Essential Services Commission, [Victorian Energy Market Report 2022–23](#), 28 November 2023, p. 28 – 29.

<sup>91</sup> ['Reflect – November 2023'](#), Energy and Water Ombudsman Victoria, accessed 30 April 2024.

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## Potential changes

Based on stakeholder feedback, we are considering the following potential changes to support the uptake of best offers:

- **Availability of best offers.** We have heard of instances where best offers are unavailable not long after issuing, particularly after annual price increases. This can result in poor consumer experiences where customers go to Victorian Energy Compare after receiving a best offer notification on their bill, but by the time they contact their retailer the offer is unavailable. See also the [accuracy of information on Victorian Energy Compare](#) issue outlined separately below.
- **Definition of 'restricted plans.'** 'Restricted plans' are plans specifically targeted to an exclusive individual or group and tailored to the specific circumstances of that customer and their needs.<sup>92</sup> This means they are not considered the 'lowest cost generally available offer' for the purposes of the deemed best offer. We have heard that retailers may have plans available by 'invitation only' which are considered to be restricted plans, without any evidence to indicate they are for a particular individual or group. As such, we could review the definition of 'restricted plan' to prevent retailers from having plans with no practical, defined eligibility criteria. This would prevent plans by 'invitation only' from being considered in best offer calculations.
- **Discount for bundled electricity and gas services.** Retailers may be considering discounted plans available to a customer who bundles gas and electricity when calculating a 'deemed best offer.' However, deemed best offers must be determined without including discounts.<sup>93</sup> We propose to clarify that discounts for bundled plans should not apply to deemed best offers.
- **Best offer terms and conditions.** Government program providers note that terms & conditions involved in switching to the best offer are long and confusing, especially for public housing residents.<sup>94</sup> This has the effect of undermining confidence in the switching process. We would seek to clarify the need for simple, accessible language when communicating best offers across all platforms.

We propose to address each of these aspects relating to the availability and accessibility of best offers. This is because they mostly require clarifications to definitions in the code of practice only. The likely benefits are also expected to be proportionate to the implementation costs that retailers may incur.

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<sup>92</sup> See clause 3 of the code of practice for 'restricted plan' definition.

<sup>93</sup> Subclause 108(3) of the code of practice.

<sup>94</sup> This trend was highlighted through the Energy Assistance Program.

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We are seeking your views to further understand the extent of costs, benefits and barriers that any changes in these areas might introduce.

We note that some retailers have expressed issues with the calculation of deemed best offers, in particular how to approach 'annual usage consumption'. We are open to feedback on whether this is an issue we should consider further. In particular, we would like to understand current data capture practices and the issues these present when calculating deemed best offers.

#### Questions for stakeholders:

20. Do you support our proposal for addressing accessibility and availability of best offers? Why or why not?
21. In your opinion, is there a clear benefit in reviewing how deemed best offers are calculated?
22. Are you aware of any other issues with best offer obligations that this review could consider?

## Accuracy of information on Victorian Energy Compare website

We are assessing how to improve the accuracy of data provided to Victorian Energy Compare and to support its objective of providing accessible, trusted information for energy consumers. This includes new definitions to support standardisation in how retailers present factsheets. We also propose to prescribe timeframes for the removal of out-of-date information.

### Current requirements

[Victorian Energy Compare](#) is the independent Victorian Government energy price comparison site. It helps a customer to compare electricity, gas and solar offers from all energy retailers, based on the information a customer provides about their household or small business.

The current rules require a retailer to provide accurate details of each generally available and restricted plan to the Victorian Retailer Portal website.<sup>95</sup> This is to aid consumer comparison and

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<sup>95</sup> The requirements of retailers under clause 39 of the code of practice are expanded upon in the commission's [Energy Fact Sheet Guidelines \(March 2022\)](#), including requirements on retailers with respect to terminology and display of energy offer information. 'Victorian Retailer Portal Website' means the retailer interface for the Victorian Energy Compare Website.

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decision-making. Retailers are also required to obtain from the Victorian Retailer Portal website an energy fact sheet for each plan, estimating how much the plan costs for a small, medium and large household. Retailers must ensure all information is accessible, in plain English and able to be readily understood by small customers.

The rules require a retailer to publish fact sheets on its internet site for VDOs and standing offers, and to input onto Victorian Energy Compare each of its VDOs including all details as required.<sup>96</sup>

### Context for change

Given consumer concerns about high energy prices, we understand many consumers will continue to visit the Victorian Energy Compare website. Victorian Energy Compare plays a key role in helping consumers gauge best offers and to access savings.

We know consumers have poor experiences in using Victorian Energy Compare, where the best offer cited on their bill is no longer available after a short time. We recognise that for some consumers, particularly those experiencing or at risk of experiencing vulnerability, the process of comparing and changing plans is also complex. Contributing factors includes digital and energy literacy and the ability to navigate differences in billing structures across plan types.<sup>97</sup>

More broadly, we understand that customers with solar PV systems may find it difficult to compare energy offers and feed-in-tariff rates (among other things). This could be supported by the type of information that retailers must input into Victorian Energy Compare.

The [Energy Factsheet Guidelines](#) assists retailers to upload plain English, simplified energy factsheets to Victorian Energy Compare that cut through this complexity. Retailer factsheets may present a useful data source for culturally and linguistically diverse (CALD) communities, noting the price comparator supports translation to different languages. However, consumers are not always aware that these factsheets exist.<sup>98</sup>

It is critical that information about energy offers is accessible, accurate and transparent to support effective market engagement and note that market offer data supplied by energy retailers is shared

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<sup>96</sup> See clause 24 of the code of practice. Subclause 24(1)(b) includes reference to the 'internet site nominated by the Minister'. As noted in the code of practice, the internet site nominated by the Minister by Ministerial Order dated 19 September 2015 is the website known as "Victorian Energy Compare".

<sup>97</sup> Essential Services Commission, [Consumer experience research report](#), September 2020, p. 6.

<sup>98</sup> Essential Services Commission, [Customer Impact Reporting for Victorian Energy Market Report](#), October 2019, p. 5.

via the Consumer Data Right.<sup>99</sup> This means that the accuracy of information provided affects data integrity and market insights.

There are two core issues we are seeking to address subject to stakeholder feedback. These include:

- reviewing obligations on retailers to provide accurate information to Victorian Energy Compare
- clarifying the timeframe for the removal of outdated information from retailers' websites and Victorian Energy Compare.

## Potential changes

### Reviewing obligations on retailers to provide accurate information to Victorian Energy Compare

In the past, some retailers have provided inaccurate information when presenting pricing offers on Victorian Energy Compare. This has led to these retailers gaining a potentially unfair competitive advantage. Retailers are not always adhering to the distinction of 'discounts' and 'incentives' as presented in the Energy Fact Sheet Guidelines (this operationalises retailer obligations under clause 39 of the code of practice). A one-off price benefit, such as a sign-on credit, is not a discount but an incentive.<sup>100</sup> However, this information has sometimes been misrepresented on Victorian Energy Compare leading to consumer misinformation.

This raises the need for consistency of definitions across our guidelines (and on fact sheets and on marketing) compared to the code of practice. Notably, the code of practice has no definitions for each of 'discount', 'incentive', 'one-off-rebate', 'one-off credit' or 'sign-up credit'. We are considering defining these terms in the code of practice as a starting point subject to stakeholder feedback.

### Clarifying the timeframe for the removal of out of date information from retailers' own websites and Victorian Energy Compare

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<sup>99</sup> ['What is CDR?'](#), Australian Government, accessed 30 April 2024.

<sup>100</sup> Under the [Energy Fact Sheet Guidelines](#) (March 2022), an 'incentive' is defined as a benefit to the customer other than a discount that includes non-price benefits, one-off-price benefits or physical gifts that are provided to a customer upon entry to a contract. Examples include tickets to sporting events or vouchers for use in energy retail stores, among other things. This is distinct from guaranteed discounts which may require no particular action or behaviour on the part of the customer, or only apply if a customer satisfies certain requirements or conditions (for example, pay on time discounts, bundling discounts or direct debit discounts).



To promote accuracy of data across Victorian Energy Compare and retailer websites, we are considering introducing an additional retailer obligation in the code of practice. This obligation will clarify the timeframe for removing outdated information from these websites.

That is, when a retailer removes expired or unavailable offers from its website, the retailer would also need to remove them from Victorian Energy Compare within one business day of the offer(s) ceasing to be available. In doing so, a retailer would need to ensure the new factsheets and other information are displayed prominently on its website.

This could improve the reliability of information, enable government to easily identify false or out of date offer claims and empower retailers to build up social licence. One of the complexities of this requirement, however, would be the enforcement implications. For example, situations where a retailer fails to honour an offer type displayed on Victorian Energy Compare, irrespective of whether or not it is the up to date offer type.

**Questions for stakeholders:**

23. Do you support the need to review relevant definitions in the code of practice or is this better managed through the Energy Fact Sheet Guidelines?
24. In your opinion, would there be any issues presented by prescribing a timeframe for removal of outdated offer information from Victorian Energy Compare?

## 5. Pricing and contract protections

This chapter addresses issues impacting contract transparency, pricing and customer trust in the market. This includes reviewing:

- billing frequency of standard retail contracts and market retail contracts for gas and electricity
- the definition of 'standard' offer, 'pay-by date' and clarifying the term 'arrange a disconnection'. These terms could be clarified to protect a retail customer from adverse contract outcomes and support retailers and consumers in terms of standardisation and predictability of experience
- disclosure of additional retail charges in contract terms and conditions
- the obligation to publish changes of tariffs and charges in newspapers

### Bill frequency obligations

We are seeking stakeholder feedback on whether there is uncertainty between rules relating to billing frequency and best offer messages to assess if these rules should be aligned. We are also assessing if billing frequency requirements should extend to market retail contracts. For gas standard retail contracts, we are considering whether to remove any potential inconsistency between billing and best offer frequency obligations.

### Current requirements

Under current rules, a retailer must issue a bill to a small customer at least once every three months for standard retail contracts and exempt person arrangements.<sup>101</sup>

In addition, a retailer has best offer message frequency obligations that apply to both standard retail contracts and market retail contracts. A retailer must provide a deemed best offer message on a bill or bill summary to a small customer at least once every three months for electricity and once every four months for gas.<sup>102</sup> If the retailer and a small customer have agreed to a different

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<sup>101</sup> Clause 62 of the code of practice.

<sup>102</sup> Subclause 110(1) of the code of practice.

billing cycle, and that period is three months or longer, then the best offer message must be provided once in each billing cycle.<sup>103</sup>

## Context for change

The code of practice includes prescriptive obligations regarding the frequency of best offer messaging for both standard retail contracts and market retail contracts.

Billing frequency rules as currently contained in the code of practice, do not apply to market retail contracts, so retailers may have discretion for the frequency of issuing bills. However, to comply with best offer frequency obligations, a retailer may provide a bill to a customer at least once every three months for electricity and at least once every four months for gas market retail contracts. From our regular compliance and enforcement activities, we have identified cases in market retail contracts where a delay in bills might trigger a breach of best offer frequency obligations. These cases occur even if those contracts are not subject to bill frequency requirements.

We believe the obligations on the frequency of bills and best offer messages may also need to be more clearly aligned for gas standard retail contracts. Bills for gas standard contracts must be issued at least once every three months, whereas the deemed best offer frequency requirement for gas is at least once every four months. Aligning these timeframes may promote compliance with these obligations. However, under the current rules, best offer messages can be on bills issued every three months as the timeframe for best offer messages is 'at least' once every four months for gas.

## Potential changes

Billing frequency and best offer message frequency are not aligned in the case of market retail contracts and gas standard contracts. Therefore, we consider that further consistency and clarity for billing frequency and best offer messaging frequency could further support consumers and provide greater clarity to retailers.

We see value in potentially aligning frequency of best offers and bills to assist energy retailers. We note that current obligations may confuse retailers and could make compliance difficult. We understand that sometimes a retailer has billed an electricity customer every three months and provided best offer messages on every bill. Best offer message frequency requirements will have been met if electricity bills with these messages were issued every three months. However, retailers have sometimes issued electricity bills with best offer messages more than three months

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<sup>103</sup> Subclause 110(1)(c) of the code of practice.

apart. In those cases, a customer may not have been provided with a best offer message in the three-month period required due to the delay.

Alternatively, clear exemptions on best offer messaging could be introduced to grant flexibility to retailers in cases where bills are delayed for issues beyond their control.

We are aware that retailers may incur implementation and operational costs if changes to bill frequency requirements are introduced, and the costs may be passed on to the customer. When assessing potential changes to bill frequency and best offer messaging obligations, we will consider the benefits of improved consistency in retailer practice and predictability of consumer outcomes along with any potential costs for retailers.

We are seeking stakeholder feedback on whether there is uncertainty between rules relating to billing frequency and best offer messages to assess if these rules should be reviewed. We welcome stakeholder feedback on potential changes to the frequency of bills and/or best offer messaging to promote alignment.

#### **Questions for stakeholders:**

25. Do you consider that bill frequency obligations and best offer frequency obligations are not clearly aligned and require amendment to achieve consistency? Why or why not?
26. Do you have any preferred options for achieving consistency between bill frequency obligations and best offer frequency obligations? What are the costs and benefits of those options?

## **Clarifying unclear definitions: Standard offers**

We are considering adding a requirement limiting when retailers can use the term 'standard offer'. This is to reduce confusion around the term 'standard offer' and maintain consistency of language for market offers.

### **Current requirements**

The code of practice includes requirements for advertising energy prices and comparing these prices with the VDO.<sup>104</sup> Among other requirements, retailers are required to state in an advertisement the difference between the VDO price and the unconditional price of an offer, expressed as a percentage of the VDO.

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<sup>104</sup> Clause 49 of the code of practice.

There has been use of the term ‘standard offer’ to advertise market offers which is not prohibited under the current code of practice.

## Context for change

In 2019, the Victorian Government introduced the VDO to regulate standing offer prices for electricity in Victoria sold to domestic and small businesses. The VDO provides Victorian consumers access to a fair electricity deal even if they are unable or unwilling to engage in the retail market. We set the default offer each year after assessing the efficient costs retailers need to recover to provide electricity to Victorian customers.<sup>105</sup>

The contracts that arise from the acceptance of the VDO for electricity or standing offer for gas are called ‘standard retail contracts’. The code of practice also sets the model terms and conditions for standard contracts, which are designed to protect consumers.

Electricity retailers have flexibility to offer prices that differ from the VDO through market retail contracts. Market retail contracts may have different terms and conditions than standard retail contracts. Retailers are currently not restricted to using specific language when defining market offers that have the same price as the VDO but different terms and conditions.

We have identified that some retailers have advertised market offers at the same price as the VDO as ‘standard offers’. However, those market offers are not standard contracts and are subject to different terms and conditions than the VDO. This may confuse the customer, making it difficult to distinguish between market retail contracts and standard retail contracts.

## Potential changes

We consider that a new clause could clarify that retailers are prohibited from using the word ‘standard’ to advertise market offers at the same price as the VDO, but subject to different terms and conditions.

We note that this may pose some risks in prohibiting the word ‘standard’ as it may allow retailers to use other similar language to advertise offers. We are assessing whether we should require retailers to advertise market offers under a specific term, for example ‘market offer’.

### Questions for stakeholders

27. What benefits do you see in limiting when a retailer can use the language of ‘standard offers’ for advertising?

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<sup>105</sup> Essential Services Commission, [Victorian Default Offer price review 2024-25: Draft Decision](#), 19 March 2024.

28. Do you think we should prohibit the term 'standard offer' when referring to market offers at the same price as a standing offer for gas?

## Clarifying unclear definitions: Pay-by date

We are considering defining the term 'pay-by date'. We believe this would reduce confusion around current provisions related to payment assistance.

### Current requirements

The code of practice references the phrase 'pay-by date' in clauses relating to content of bills, payment assistance and reminder notices.<sup>106</sup> However, the term 'pay-by date' is not currently defined in the code of practice. The code of practice requires a retailer to provide information about rights to tailored assistance to a residential customer who has not paid bills by their 'pay-by-date'.

This information must be given to a customer within 21 days of failing to meet their 'pay-by-date' when the customer has arrears of more than \$55.<sup>107</sup> This information must also be provided to a customer when the customer contacts the retailer irrespective of the amount of arrears.<sup>108</sup> This requirement is intended to inform consumers experiencing vulnerability, who may need these protections, about their rights and relevant protections available.

Additionally, reminder notices (which remind customers that payment of their energy bill is required) also refer to pay-by dates.<sup>109</sup> These notices must not be issued to a customer before the next business day after the pay-by date or later than 21 business days after the pay-by date.<sup>110</sup> Once the retailer has accepted a payment proposal or revised proposal, a reminder notice must not be issued unless the customer fails to make a payment by the date payable under the proposal or revised proposal.<sup>111</sup>

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<sup>106</sup> Clauses 63, 65, 129 and 182 of the code of practice.

<sup>107</sup> Subclause 129(2) of the code of practice.

<sup>108</sup> Subclause 129(1) of the code of practice.

<sup>109</sup> Clause 182 of the code of practice; s40SE of the *Electricity Industry Act 2000* and s40DC of the *Gas Industry Act 2001*.

<sup>110</sup> Subclause 182(2) of the code of practice.

<sup>111</sup> Subclause 182(4) of the code of practice.

## Context for change

We have identified potential issues with the term ‘pay-by-date’ not being defined.

One issue we are seeking to provide clarity on, is the obligations a retailer must follow once a customer has entered into a payment arrangement. Specifically, to clarify when a retailer may issue a reminder notice, particularly when a customer has failed to make a payment under a revised payment arrangement. The definition of ‘pay-by-date’ could be clarified to cover the context of a payment arrangement or extension. We are interested in stakeholder views on what obligations should apply in these cases.

Another issue we are seeking to clarify is when a retailer must provide information about assistance to a customer (under clause 129 of the code). We understand that some retailers may send information to a customer multiple times within a short period, to satisfy its obligations and given the current definition of a ‘pay-by-date’. However, a customer may get confused by receiving information multiple times. We are interested in stakeholder views on these potential outcomes, and note there could be a benefit in tailoring communications to a customer’s individual circumstances.

## Potential changes

To provide greater clarity to retailers and consumers, we are considering defining the term ‘pay-by-date’ in the code of practice. This would aim to clarify when reminder notices and information about assistance should be provided to customers, in line with the timings related to the ‘pay-by-date’ set out in the code.

We are seeking stakeholder views on whether the term ‘pay-by date’ should be defined in the code of practice. We are also seeking feedback from stakeholders on whether we should make any amendments to clarify when a retailer must provide information about assistance available if a customer has entered into a payment agreement.

### Questions for stakeholders:

29. In your opinion, should we define the term ‘pay-by date’ in the code of practice? Why or why not?
30. Do you think clarifying the definition of pay-by-date will reduce scope for confusing communications, or are further interventions required (such as targeted training requirements)?
31. Do you believe that a ‘pay-by date’ should be extended when a retail customer has entered into a payment arrangement? Why or why not?

## Clarifying unclear definitions: Arrange a disconnection

We are assessing whether the term ‘arrange a disconnection’ for non-payment is unclear. This is in light of the time that elapses between a retailer issuing a disconnection request and a customer being disconnected. We are determining whether we should change or clarify this term in the code of practice.

### Current requirements

Under the current rules, a retailer and exempt electricity seller must comply with several requirements to ‘arrange disconnection’ of a residential customer’s premises to ensure that disconnection is a last resort measure for non-payment.<sup>112</sup>

To ‘arrange a disconnection’, a retailer and exempt seller must adhere to the following requirements:

- take all reasonable steps after the issue of the disconnection warning notice to provide the residential customer clear and unambiguous information about the assistance available to them
- act fairly and reasonably in relation to the residential customer
- if the residential customer is a customer who may be affected by family violence, a retailer and exempt electricity seller must also take into account the particular circumstances of that residential customer.<sup>113</sup>

### Context for change

While retailers and exempt electricity sellers must comply with a list of requirements to arrange a disconnection, we have heard from stakeholders that inconsistent understanding of the term ‘arrange a disconnection’, and the actions that it involves, may result in wrongful disconnections. This is particularly relevant as there can be a significant amount of time between a retailer issuing a disconnection request and the customer being disconnected. The date of a disconnection could be several days after an order was raised.

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<sup>112</sup> Clause 187 of the code of practice.

<sup>113</sup> Clause 3 and subclauses 187(1)(a)(ii), 187(1)(a)(iii) and 187(1)(a)(iv) of the code of practice.



As an example, a retailer may raise a service order to disconnect a customer for non-payment. If issuing a disconnection request is considered to be 'arranging a disconnection', retailers and exempt electricity sellers must comply with disconnection requirements before issuing a disconnection request. However, between the order being raised and the disconnection occurring, the customer may arrange a payment plan with the retailer and repay debt. If the retailer did not cancel the service order, a wrongful disconnection could occur. In this case, the retailer would be complying with existing rules as it met the disconnection requirements before issuing a disconnection request.

Nevertheless, if 'arrange a disconnection' means 'issuing a disconnection request' the retailer could still be in breach of Victorian legislation as the customer has entered into a payment plan and the retailer has not cancelled the service order for disconnection.<sup>114</sup> We are considering whether clarifying this phrase will prevent wrongful disconnections in these situations.

Allowing disconnections to occur when a customer has arranged a payment plan does not align with disconnections being a measure of last resort for non-payment. We are reviewing existing rules to clarify the actions that a retailer must take before disconnecting a residential premise.

### Potential changes

Disconnections can significantly impact consumers. As such, obligations for arranging a disconnection must be clear in the code of practice. One option we may consider is changing the phrase 'arrange a disconnection' to 'disconnect'. This may clarify that a retailer must comply with disconnection requirements after raising a disconnection order.

However, the phrase 'arrange a disconnection' is used in Victorian energy legislation<sup>115</sup> and a similar phrase ('arrange de-energisation') is used in the NERR.<sup>116</sup> We note that the regulatory burden might be reduced if the code of practice is consistent with Victorian and national legislation. We are seeking your views on the costs and benefits of clarifying the term 'arrange a disconnection'.

Additionally, further consultation with regulators and the Department of Energy Environment and Climate Action (DEECA) will be required if this obligation is to be changed.

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<sup>114</sup> Subsections 40SM(1)(g), 40SS(c) and 40SS(d) of the *Electricity Industry Act 2000* and subsections 48DO(1)(g), 48DU(c) and 48DU(d) of the *Gas Industry Act 2001*.

<sup>115</sup> Sections 40SM and 40SS of the *Electricity Industry Act 2000* and sections 48DO and 48DU of the *Gas Industry Act 2001*.

<sup>116</sup> Rule 111 of the National Energy Retail Rules.

Alternatively, we may separately clarify that a service order for disconnection must be cancelled when a customer seeks payment assistance or is receiving payment assistance and is complying with the relevant terms.

#### Questions for stakeholders:

32. Do you consider that the term 'arrange a disconnection' could be clarified? Why or why not?

33. Are there other options to clarify in the code of practice that a service order for disconnection must be cancelled when a customer seeks payment assistance or is receiving payment assistance and is complying with the relevant terms? What are the costs and benefits of those options?

### Disclosure of additional retail charges in contract terms & conditions

We are considering including 'additional retail charges' as charges which must be set out in a market retail contract or exempt person arrangement. We are assessing whether retailers should also provide information about specific additional retail charges to help customers better understand their energy bills.

#### Current requirements

A retailer is currently required to set out all tariffs and charges payable by a small customer in a market retail contract or exempt person arrangement.<sup>117</sup> A retailer must also give notice to the small customer of any variation to the tariffs and charges that affects the small customer.<sup>118</sup>

In addition, the code of practice allows a retailer to impose 'additional retail charges' on a customer.<sup>119</sup> An 'additional retail charge' is a charge relating to the sale of energy by a retailer to a customer other than a charge based on the tariff applicable to the customer.<sup>120</sup> The code of practice specifies the types of charges that are not captured under this definition.<sup>121</sup>

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<sup>117</sup> Subclause 92(2) of the code of practice.

<sup>118</sup> Subclause 92(3) of the code of practice.

<sup>119</sup> Clause 77 of the code of practice.

<sup>120</sup> Subclause 77(3) of the code of practice

<sup>121</sup> Ibid.

The amount of any additional retail charge must be fair and reasonable having regard to related costs incurred by the retailer.<sup>122</sup>

### Context for change

Under the current rules, it is uncertain whether ‘additional retail charges’ are charges which must be set out in a market retail contract or exempt person arrangement. We have heard that consumers sometimes ask for more detailed information about these charges.

In some cases, a customer might not be aware of these additional retail charges. One example of a potential additional retail charge is an additional charge for an abolishment of a gas connection. Information about this charge is currently not being provided to a customer in a proactive manner. In some cases, it is not publicly available on a retailer’s webpages. For more information on potential changes to support gas consumers, see the [‘supporting customers who want to disconnect from gas’](#) section of this issues paper.

We anticipate that more consumers will consider abolishing their gas connections because of Victorian Government initiatives promoting electrification.<sup>123</sup> A customer considering electrification will be supported if their retailer provides them with clear information about abolishment charges. Inadequate or unclear information may result in information asymmetry and potentially discourage a customer from electrifying. An orderly transition for consumers will be promoted by ensuring that abolishment costs are transparent.

Requiring information on disclosed charges will ensure that energy consumers are provided with more complete information about their energy bills and clarify retailer obligations.

### Potential changes

We are considering specific disclosure requirements about the type of additional retail charges a customer is required to pay in different circumstances. This is to support information provision and transparency for a market retail customer.

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<sup>122</sup> Subclause 77(2) of the code of practice.

<sup>123</sup> [‘Victoria’s Gas Substitution Roadmap’](#), Department of Energy, Environment and Climate Action, accessed 30 April 2024.

### Questions for stakeholders:

34. Are there any implications we should consider when specifying that 'additional retail charges' are charges which must be set out in a market retail contract or exempt person arrangement?
35. Are there any costs or benefits we should consider in relation to a retailer providing detailed information about the type of additional retail charges a customer is required to pay?
36. Are there any other issues in standard retail contract terms and conditions that we should consider through this review?
37. Do you agree that retailer charges for gas abolishment, beyond the \$220 distributor abolishment fee, should be specified as an 'additional retail charge'? Why or why not?

## Requirement to publish changes of tariffs and charges in newspapers

Some provisions in the code of practice require the publishing of certain information online only (on the retailer's website or on an internet site). To maintain regulatory consistency across the code of practice, we are considering removing the requirement to publish notices and changes to tariffs and charges in newspapers.

### Current requirements

Under the current rules, the code of practice requires a retailer to publish variations to tariffs and charges of standard retail contracts in a newspaper and on the retailer's website.<sup>124</sup>

This differs from other provisions throughout the code of practice requiring publishing exclusively on the retailer's website or on an internet site.<sup>125</sup> For instance, a retailer is required to provide accurate details of each current generally available plan and restricted plan via the Victorian Retailer Portal website.<sup>126</sup> All information uploaded to the Victorian Retailer Portal website must be written in plain English and be designed to be readily understandable by small customers.<sup>127</sup>

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<sup>124</sup> Clause 8.2 of Schedule 2 and clause 18 of the code of practice.

<sup>125</sup> Clause 24 of the code of practice.

<sup>126</sup> Clause 39 of the code of practice.

<sup>127</sup> Ibid.

A retailer is also required to make energy fact sheets for each current generally available plan and restricted plan accessible to a customer.<sup>128</sup> A retailer must publish these fact sheets on the retailer's website.<sup>129</sup>

## Context for change

In early 2022, the commission removed a requirement from retail licenses to publish variations to tariffs in the newspaper. This was removed on the basis that there are now requirements to provide information via the Victorian Retailer Portal website and publish energy fact sheets on a retailer's website.<sup>130</sup>

However, this requirement has not been removed from the code of practice. This means that there are currently conflicting requirements between one of the provisions in the model terms and conditions for standard retail contracts (set in the code of practice), and revised licence requirements. Consistent information requirements are important to support compliance and provide certainty to industry.

We are also considering the costs involved in maintaining this requirement, including the environmental costs of print publishing. We also note that the Victorian Government is moving away from print requirements.<sup>131</sup>

Additionally, legislative requirements for notices to be published in print newspaper are considered fulfilled if published on an approved alternative publication internet site.<sup>132</sup>

We note that some consumers may rely on print newspapers as their primary form of obtaining information. As such, we are seeking stakeholder feedback to better understand the information needs for these individuals before we progress this change.

We also consider that there may be technological or financial barriers to accessing information online. We want to understand these barriers and the consumers who face them. This information will help us address these existing challenges and avoid introducing new barriers for disengaged consumers or consumers experiencing vulnerability.

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<sup>128</sup> Clause 40 of the code of practice.

<sup>129</sup> Subclause 40(6) of the code of practice.

<sup>130</sup> ['Energy retail licence review'](#), Essential Services Commission, accessed 30 April 2024; [Summary of proposed variations to electricity/gas licences](#).

<sup>131</sup> For instance, in 2022 the Victorian Government released the Victorian Public Notices website, which gives the Victorian Government the option to publish public notices online instead of in state-wide newspapers. For more information, see [Victorian Digital Public Notices](#).

<sup>132</sup> Section 38M of the *Interpretation of Legislation Act 1984*.

Energy fact sheets may be difficult to find on retailer websites and are not always promoted as a simple price comparison tool. Therefore, consumers may find it challenging to access information about changes to tariffs and charges if newspaper publishing requirements are removed. We are considering the need to require retailers to make pricing information more accessible on their websites before removing this information requirement.

Retail licensees must also publish changes to tariffs and charges on a customer's next bill.<sup>133</sup> Therefore, a retailer will still need to provide this information even if we remove the newspaper publishing requirement.

### **Potential changes**

We are considering removing the current obligation to publish variations to tariffs and charges of standard retail contracts in a newspaper.<sup>134</sup> This would mean that a retailer only needs to publish this information on its website and inform a customer affected by these changes on their next bill.

We consider that this potential change would not cause significant costs to retailers and would still require a retailer to provide information to a customer. We are seeking stakeholders' views on whether we should progress this amendment.

#### **Questions for stakeholders:**

38. What are some of the costs, benefits or issues you see in publishing variations to tariffs online only (and not in newspapers)?

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<sup>133</sup> Clause 8.2 of Schedule 2 of the code of practice.

<sup>134</sup> As currently required under clause 8.2 of Schedule 2 and clause 18 of the code of practice.

## 6. General updates and other changes

This chapter addresses administrative issues, such as general consistency between the code of practice and recently updated policies, technical standards and other instruments. It also presents potential amendments to support communication between retailers and customers, increasing consumer engagement and retailer transparency. This includes reviewing:

- protections for embedded network customers
- use of preferred communication method
- receipt of communications and notices
- clarifying timelines for compliance with certain obligations
- bulk hot water formulas.

### Protections for embedded network customers

We are proposing to make adjustments to the code of practice for alignment with the General Exemption Order (GEO) 2022.

We are also considering reviewing some protections for embedded networks customers that are sold electricity by a retailer.

### Current requirements

An embedded network is an electricity network that sells and supplies electricity to multiple customer premises (or lots) within a building or self-contained site. Generally, embedded networks are established via a parent meter connection to the electricity grid, with child meters measuring the consumption for individual residences (or shops in a commercial setting) internally within the embedded network.<sup>135</sup>

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<sup>135</sup> [Embedded networks](#), Essential Services Commission, accessed 30 April 2024.

In Victoria, a person or company can sell or supply electricity if they hold a licence issued by us or if they are exempt from the requirement to have a licence. An ‘exempt person’ is a party that is exempt from the requirement under the *Electricity Industry Act 2000* to hold a licence to sell, supply or distribute electricity.<sup>136</sup>

A retailer may operate and sell electricity to customers in an embedded network. However, many embedded network operators are exempt from holding a licence and are regulated through an exemption framework that we administer.<sup>137</sup> Under this framework, the General Exemption Order 2022 (GEO) outlines the activities eligible for exemptions from licensing requirements for specific activities related to the small-scale sale, supply and generation of electricity in Victoria. The GEO was updated in 2022.

The code of practice sets out which obligations apply to specific categories of ‘exempt persons’.<sup>138</sup> In some cases, these provisions provide embedded network customers with similar protections to other Victorian electricity consumers.

Schedule 5 of the code of practice defines the categories for ‘retail activity deemed exemptions’ and ‘retail activity registration exemptions’. These categories of activities are currently taken directly from the GEO 2017, which has been superseded by the GEO 2022.

Schedule 6 of the code of practice contains the definition of ‘explicit informed consent’ that is referred to by relevant clauses throughout the code of practice. This definition of ‘explicit informed consent’ is taken from the GEO 2017. This has also since been updated by the GEO 2022.

## Context for change

### GEO 2022

The GEO was reviewed in 2022 to implement the first phase of reforms introduced by the Victorian Government.<sup>139</sup>

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<sup>136</sup> Section 16 of the *Electricity Industry Act 2000*.

<sup>137</sup> The General Exemption Order is an Order in Council made under section 17 of the *Electricity Industry Act 2000* which outlines the circumstances and activities a person may be exempt from the requirement to obtain a licence for the generation, distribution or sale of electricity.

<sup>138</sup> Under the code of practice, an exempt person means a person who is exempt from holding a licence under section 16 of the *Electricity Industry Act 2000* to engage in certain activities as set out in clauses 4 and 5 of the GEO (deemed exemption of retailers and exemption of registered retailers).

<sup>139</sup> In 2022, the Victorian Government considered recommendations from an Expert Panel on how to ban embedded networks in new residential apartment buildings. The Victorian Government announced a two-phase process to implement the recommendations.

[‘Embedded Networks Review’](#), Department of Energy, Environment and Climate Action, accessed 30 April 2024.



The GEO 2022 restricts the sale of energy to new embedded networks (where there are 10 or more residential customers) unless the exempt person can meet specific conditions, including a new renewable energy condition. Similarly, it also requires that electricity sold or supplied by an exempt person, including new embedded networks which have to meet the new renewable energy condition, must not exceed the VDO.<sup>140</sup>

### **Retailers selling electricity to embedded network customers**

Licensed retailers may sell electricity to customers in an embedded network. Both a retailer and an exempt seller are required to comply with the code of practice.

In some cases, customers within embedded networks that are sold electricity by retailers might be provided with fewer protections than if they were sold electricity by exempt sellers. We understand that some retailers might be providing the same protections to all their customers (whether residing in an embedded network or otherwise).

When we reviewed the code of practice in 2021, we made some changes so all small customers of a licensed retailer, including customers within embedded networks, were afforded protection from disconnection unless specific circumstances exist.<sup>141</sup> We also stated that further amendments to ensure that customers in embedded networks who are sold electricity by licensees receive comparable protections to other customers would be subject to further consideration at a future time.<sup>142</sup>

### **General schedule updates**

We have identified the need to update specific out of date information contained in Schedule 5 and Schedule 6 of the code of practice due to the update to the GEO 2022.

The relevant changes between the GEO 2017 and the GEO 2022 are minor and add clarity to the existing provisions. The changes do not materially affect the meaning of the categories of activities.

Schedule 5 of the code of practice includes a table with categories of activities for exempt persons under the GEO 2017. These categories were updated in the GEO 2022. The changes to the definitions of each category were minor and aimed to add clarity to the definitions.

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<sup>140</sup> ['Information on electricity licence exemptions for sellers and suppliers'](#), Essential Services Commission, accessed 30 April 2024.

<sup>141</sup> Essential Services Commission, [Making an Energy Retail Code of Practice: Final Decision](#), 20 December 2021; Essential Services Commission, [Making an Energy Retail Code of Practice: publication notice](#), 28 January 2022.

<sup>142</sup> Essential Services Commission, [Making an Energy Retail Code of Practice: publication notice](#), 28 January 2022, p. 1.

Schedule 6 of the code of practice includes the definition of explicit informed consent as set out in the GEO 2017. It also includes clause 9 of the GEO 2017, which regulated informed consent and provision of information. The definition of explicit informed consent has been updated in the General Exemption Order 2022. This means that the definition currently included in Schedule 6 of the code of practice is out of date.

## Potential changes

Given that the GEO was reviewed in 2022 and that the Victorian Government might implement further changes as part of a second phase of reforms, we are not considering undertaking a comprehensive review of protections for embedded network customers as part of this review. However, we consider that there is an opportunity to make specific adjustments to existing rules to enhance protections for embedded network customers.

We will also review the code of practice, so it aligns with the GEO 2022, including updating Schedule 5 and Schedule 6 of the code of practice to align terms and definitions with the GEO 2022. We consider these changes to be administrative updates that should not impose any burden on retailers.

To increase protections to embedded network customers that buy electricity from licensed retailers, we are considering regulating 'retailers selling electricity within embedded networks' and amending existing provisions. We believe these amendments would provide increased protections to some embedded network customers.

To increase protections for consumers experiencing vulnerability, we are considering extending the family violence protections set in the code of practice to embedded network customers. Currently, obligations related to assistance for customers affected by family violence do not apply to an exempt person.<sup>143</sup> Whilst there are some protections in place to prevent the disconnection of utilities for family violence affected customers, there may be an opportunity to strengthen these safeguards.

It is essential for exempt persons that sell and supply electricity within an embedded network, residents and community advocates collaborate in creating a safe and supportive environment, especially those affected by family violence. We consider that embedded network customers should be entitled to the same safe, supportive and flexible assistance that retail customers are entitled to when managing their personal and financial security. We are seeking stakeholder feedback on the costs and benefits of extending family violence protections set in Part 7 of the code of practice to embedded network customers.

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<sup>143</sup> Part 7 of the code of practice.

We are also considering extending the current bill change alert requirements set in the code of practice to embedded network customers.<sup>144</sup> Under current rules, if a benefit change or a price change is to take effect, a retailer must provide a small customer with a bill change alert in writing.<sup>145</sup> This must be done using the small customer's preferred method of communication and at least five business days before the benefit change or price change takes effect.<sup>146</sup> We are seeking stakeholder feedback on introducing this same obligation in relation to embedded network customers.

#### **Questions for stakeholders:**

39. What are the costs and benefits of increasing protections to embedded network customers that buy electricity from retailers?
40. What are the costs and benefits of extending family violence protections to embedded network customers?
41. What are the costs and benefits of extending bill change alert obligations to embedded network customers?
42. Do you have any comments on updating Schedule 5 and Schedule 6 of the code of practice for alignment with the updated GEO 2022?

## **Use of preferred communication method**

We are considering whether it is appropriate or beneficial to extend the requirement for a retailer to use a small customer's preferred method of communication beyond the current provisions.

### **Current requirements**

Part 5 and Part 7 of the code of practice contain obligations that require a retailer to contact a small customer using their preferred communication method. This is related to a notice of benefit or price change, notice of feed-in tariff changes and to ensure account security as part of the family violence assistance minimum standards.<sup>147</sup>

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<sup>144</sup> Clause 106 of the code of practice.

<sup>145</sup> Subclauses 106(1) and 106(2) of the code of practice.

<sup>146</sup> Subclauses 106(2)(b) and 106(2)(c) of the code of practice.

<sup>147</sup> Subclauses 106(2)(b), 107(2)(b), 150(4)(a) and 150(4)(b) of the code of practice.

However, Part 6 (Assistance for residential customers anticipating or facing payment difficulties) and Part 10 (Disconnection of premises) of the code of practice also contain obligations related to communicating with a small customer but do not require a retailer to contact them via their preferred method of communication.

### Context for change

We have observed cases where a retailer has inconsistently used preferred communication methods when contacting a customer. This poses a risk as sometimes a customer may have received delayed communications from their retailer. In some cases, customers might not have received key information such as the rights or assistance they are entitled to.

For instance, we understand that customers experiencing vulnerability, such as those experiencing payment difficulty, are not always aware of the entitlements and support available to them. Requiring the use of their preferred communication methods may mean that customers experiencing vulnerability (whether disclosing their circumstances or not) are more likely to receive and be able to act on information provided by retailers on payment difficulty.

However, we also note that the requirement to use a customer's preferred communication method could have unintended consequences, especially where a customer is in arrears. There may be situations that arise where a customer is not contactable via their preferred communication method, which the retailer has no visibility over. As such, it may be preferable that a retailer communicates with a customer using their preferred communication method initially, then attempts other forms of contact (but only when the preferred method/methods have been exhausted). We are open to feedback on how to best support customers while providing flexibility.

We consider these amendments could increase consumer awareness as relevant information would be consistently received by them. It would also allow for a more enforceable set of rules around communication, without significantly increasing a retailer's administrative burden.

### Potential changes

We are considering whether it is appropriate to extend the requirement for a retailer to use a small customer's preferred method of communication beyond the current provisions. This would include clauses related to residential customers facing payment difficulty and disconnections of premises.<sup>148</sup>

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<sup>148</sup> Part 6 and 10 of the code of practice.

We acknowledge that the use of a small customer's preferred communication method may not always be reasonable or practicable. For instance, to assist a family violence affected customer and facilitate a safe method of communication, the code of practice allows a retailer to offer alternative methods of communication if the affected customer's preferred method of communication is not practicable.<sup>149</sup> A similar reference to practicability could be added to other provisions.

We are first interested to hear from retailers and customers on the potential impacts of the requirement to use customer preferred communication methods in Part 6 and Part 10 of the code of practice.

#### **Questions for stakeholders:**

43. In your view, when must preferred methods of customer communication be used?
44. Are there any costs or benefits that would arise from always requiring the use of preferred methods of communication with small customers?

## **Receipt of communications and notices**

We are considering an amended clause on presumed receipt of written communications, in alignment with an existing provision under the Electricity Distribution Code of Practice.

### **Current requirements**

The code of practice sets out how communications or a notice from an energy supplier must be provided to a customer.<sup>150</sup> It currently specifies how notices and other documents must be served to a natural person and a body corporate.<sup>151</sup> However, it does not currently clarify any timelines for when a communication or a notice that is sent by an energy supplier to a customer can be presumed to have been received.

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<sup>149</sup> Subclause 150(4)(b) of the code of practice.

<sup>150</sup> Clause 10 of the code of practice.

<sup>151</sup> Ibid.

## Context for change

As part of a recent review of our other codes of practice, we introduced rules to clarify when communications are deemed to be received. For instance, the Electricity Distribution Code of Practice provides for 'presumed receipt' of written communications.<sup>152</sup>

We consider that clarifying receipt of communications and notices would align the code of practice with recent amendments to the Electricity Distribution Code of Practice and provide clarity on the interpretation of retailer obligations. It would also clarify when a customer can reasonably be considered to have received key information that has been sent by a retailer.

After confirming presumed receipt of communications, retailers would be able to undertake any follow up actions that are required by the code of practice with more certainty. Some provisions in the code of practice rely on a customer receiving information or a notice from a retailer before the retailer can undertake next actions.

For example, the code of practice sets a minimum period of seven business days, from when a disconnection warning notice has been received by the customer, for arranging the disconnection of a relevant customer's gas supply.<sup>153</sup> Similarly, the code of practice allows for a 'cooling off period' where a customer can withdraw from a retail contract in a period of 10 business days commencing from the date the customer received the relevant information about the contract.<sup>154</sup> Without clarity on when this information is received by a customer, it is unclear when the retailer's follow up actions could be undertaken.

## Potential changes

We are considering an amended clause on presumed receipt of written communications, in alignment with existing provision under the Electricity Distribution Code of Practice. This aims to clarify when a written communication or notice given under the code of practice is considered given by the retailer and received by the customer.

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<sup>152</sup> Under clause 2.3 of the Electricity Distribution Code of Practice, any written communication or notice required or permitted to be given under that code of practice is to be regarded as having been given by the sender and received by the addressee: a) if delivered in person to the addressee, or delivered to the addressee's supply address, on the day when the notice is delivered; b) If sent by post, four business days after the date of posting, unless evidence is adduced to the contrary; c) If it is an electronic communication, at the time determined in accordance with the *Electronic Transactions (Victoria) Act 2000*.

<sup>153</sup> Clause 190 of the code of practice.

<sup>154</sup> Clause 97 of the code of practice.

### Questions for stakeholders:

45. Do you have any comments on aligning the code of practice with the 'presumed receipt' rules set out in the Electricity Distribution Code of Practice?

## Clarifying timelines for compliance with certain obligations

We propose to clarify the language used in provisions related to 1) payment methods if a last resort event occurs and 2) disconnection as a last resort for non-payment.

### Current requirements

The code of practice contains provisions which specify timelines for compliance with obligations related to:

- payment methods if a last resort event occurs
- disconnection as a last resort for non-payment.

If a last resort event occurs in respect of the retailer, currently the retailer must 'immediately' cancel the direct debit arrangement and notify both the small customer and the financial institution of the cancellation.<sup>155</sup>

Regarding disconnections as a last resort for non-payment, under the current rules, to arrange a disconnection, a retailer must have taken all reasonable steps 'after the issue of the disconnection warning notice' to provide the residential customer clear and unambiguous information about the assistance available under the Payment Difficulty Framework.<sup>156</sup>

### Context for change

There is ambiguity in the current language used in these requirements.

The use of the word 'immediately' in the context of cancelling a direct debit arrangement, poses a compliance challenge for retailers to implement this obligation in practice.

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<sup>155</sup> Subclause 72(4)(c) of the code of practice.

<sup>156</sup> Subclause 187(1)(a)(ii) of the code of practice.

Similarly, related to disconnections as a last resort for non-payment, the provision of information from a retailer after the 'issue' of a notice (and not once a customer has actually received a notice) may pose an issue. This is because a customer may not have received the disconnection warning notice when they are sent further information about payment assistance relating to that notice.

### **Potential changes**

We propose to clarify the language used in provisions related to payment methods if a last resort event occurs and also in relation to disconnection as a last resort for non-payment. We are considering specifying timeframes to improve ease of interpretation and enforceability.

We propose the following two potential changes to provide greater certainty on these two provisions.

#### **Payment methods if a last resort event occurs**

We are considering replacing the term 'immediately' with 'within one business day'. This change would mean that a retailer must cancel a customer's direct debit arrangement within one business day if a last resort event occurs.

We consider that a change from 'immediately' to 'within one business day' is unlikely to have any significant impact and would provide certainty to a retailer on the applicable timeframe. We consider the proposal would remove ambiguity, but welcome stakeholder feedback to understand whether this could have any negative impacts for retailers and/or consumers.

#### **Disconnections as a last resort for non-payment:**

We would seek to clarify that a customer must receive information about available assistance before a disconnection. To this end, we are considering replacing 'after the issue of the disconnection warning notice' with 'after the receipt of the disconnection warning notice by the residential customer'.

We are seeking stakeholder feedback to understand if either change could have any significant impact on retailers and/or consumers.

#### **Questions for stakeholders:**

46. Do you have any comments on clarifying that if a last resort event occurs, retailers must cancel direct debit arrangements within one business day and not 'immediately'?
47. Do you have any comments on clarifying that a disconnection warning notice must be received by a customer rather than 'issued' before a retailer must provide clear and unambiguous information about available assistance?



## Bulk hot water formulas

We are inviting stakeholder comments on Schedule 4 (Bulk Hot Water Formulas) of the code of practice, to understand whether conversion factors should be addressed through this review.

Bulk hot water arrangements refer to the situation where domestic residents living in multi-dwelling buildings are billed for the energy used (gas or electricity) to generate hot water through a shared installation. That is, water heated by one central installation and used by multiple apartments and residents.

Schedule 4 of the code of practice outlines billing formulas for both gas and electricity bulk hot water. These formulas are based on the use of 'conversion factors' and the reading of each apartment's hot water accumulation meter:

- For gas bulk hot water, the factor converts the gas bulk hot water tariff (in cents per MJ) to a cents per litre hot water rate. A resident's gas bulk hot water bill is then calculated multiplying the hot water used by the resident by the cents per litre hot water rate.
- For electric bulk hot water, the factor converts the hot water used by the resident to a deemed electricity usage. The resident's electricity bulk hot water bill is then calculated multiplying the deemed electricity usage by the applicable electricity tariff.

At present, the gas bulk hot water conversion factor is 0.49724 MJ per litre. The code of practice sets a maximum conversion factor of 89 kWh per kilolitre for electric bulk hot water.

We have not heard any concerns with Schedule 4. However, we are open to stakeholder feedback given these formulas have not been reviewed for some time. In particular, on the applicable conversion factors and their appropriateness under the current climate.

### Questions for stakeholders:

48. Do you have any comments on the current gas and electricity bulk hot water formulas set out in Schedule 4 of the code of practice?

## Consequential amendments

Reviewing the code of practice may require consequential amendments to guidelines and guidance notes to align them with the code of practice once this review is completed. These guidelines and guidance notes help industry and consumers understand their obligations under the code of practice. We would make these consequential amendments in a separate process once this review is completed.

### Questions for stakeholders:

49. Are there any other issues we should consider as part of this review?