



The proposed framework and Amendments to the Code

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TRIM REF:

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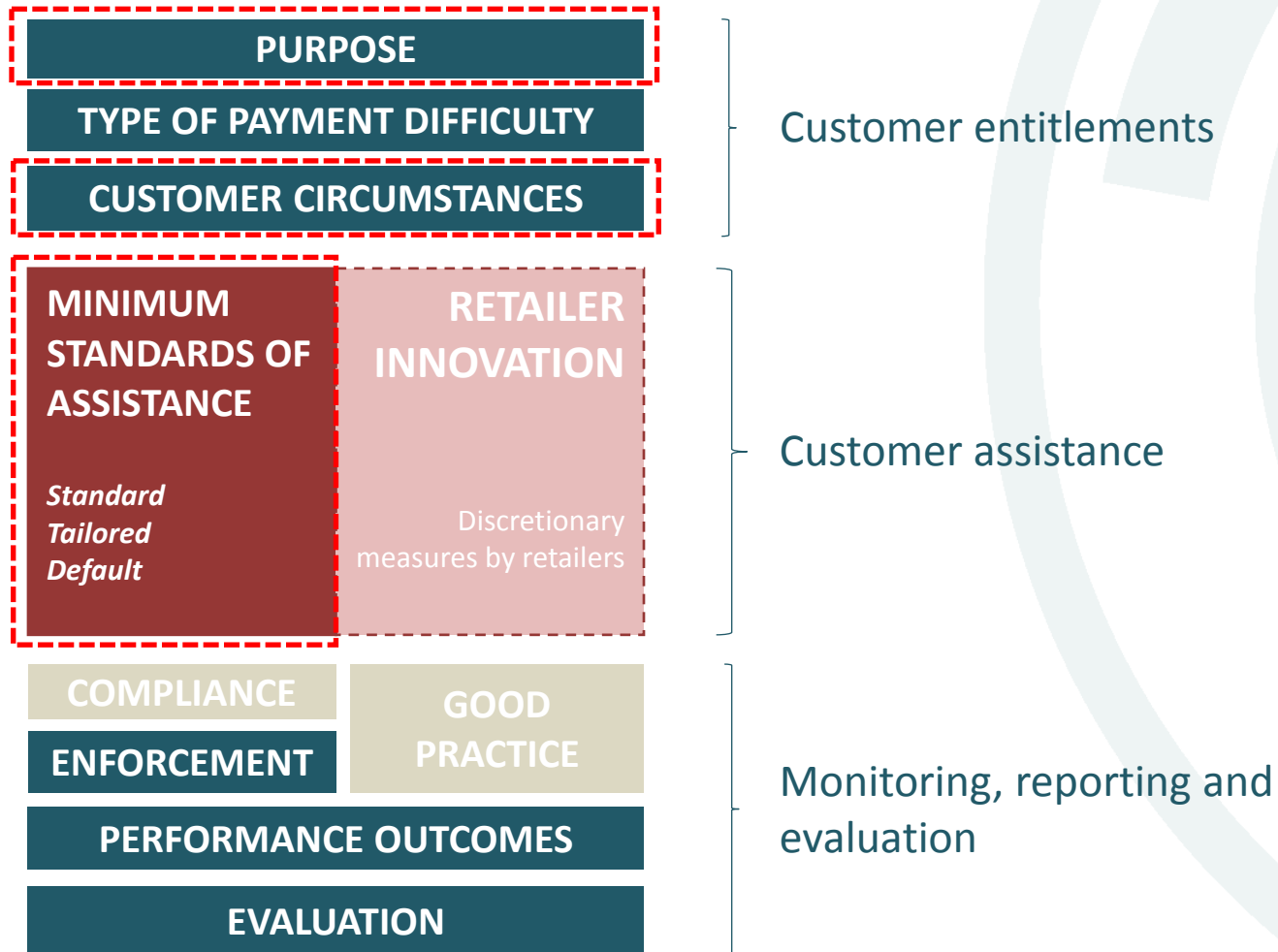
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The proposed framework and its purpose

Proposed framework



Purpose of the framework

Clause 71 Purpose

to set out the **minimum standards of assistance** to which customers are entitled, so that disconnection of a *residential customer* is a **measure of last resort**.

Structure of Part 3 and its Interpretation

Structure of Part 3

Part 3 is divided into seven Divisions:

1. Operation of this Part
2. Standard assistance
3. Tailored assistance
4. Default Assistance
5. Financial Hardship Policies
6. Communications
7. Miscellaneous

Minimum
Standards

Interpretation

Clause 73 Interpreting the Part

- The objective of the Division
- The purpose of Part 3
- Guidelines issued under section 13
- *Energy Compliance and Enforcement Policy* Guidance Notes
- Written information on the reasonable expectations of customers to assistance

Definition of arrears

the sum of any amounts payable by the *customer* under one or more bills that are unpaid as at the ***bill issue date*** for a **subsequent bill**.



Break for table discussions

Minimum Standards – Standard Assistance

Standard Assistance

Clause 74 Objective

An entitlement to minimum **standard forms of assistance**, to help them **avoid getting into arrears**

Clause 75 Application

All residential customers.

Standard Assistance

Clause 75 Standard Assistance

A minimum of 3 of 5 of the following:

- equal payments
- different payment intervals
- bill extension
- payment in advance
- payment of anticipated arrears



Minimum Standards – Tailored Assistance

Tailored Assistance

Clause 77 Objective

An entitlement to minimum standards of **flexible and practicable assistance** that makes it easier for them to repay their *arrears* and lower their *energy* costs.

Clause 78 Application

- Customers in arrears
- Customers a retailer knows is likely to be in arrears

Tailored Assistance

Clause 79 Tailored Assistance

All customers in arrears:

- Repayment over up to 2 years
- Advice on:
 - payment options
 - likely cost of energy use
 - lowering energy costs
 - Other assistance (eg URGs)

Tailored Assistance

Clause 79 Tailored Assistance (cont'd)

Additional assistance for customers who cannot pay the full cost of their energy use:

- Arrears on hold for 6 months
- Practical assistance to reduce energy cost:
 - tariff most likely to reduce cost
 - practical assistance to reduce energy use
 - information on progress

Payment arrangements

Under clause 79

- Retailers provide customers with advice on:
 - their arrears
 - their energy use
 - the likely cost of energy use
 - payment options

Under clause 80

- Customers make payment proposal
- Retailers:
 - accept proposal if arrears will be repaid within 2 years
 - provide a written payment schedule
 - provide longer if necessary **taking into account customer circumstances**
- Customer may vary payment proposal

Non-payment

Under clause 80

- Customer **in arrears** misses a payment
- Retailer uses best endeavours to contact customer to discuss a revised payment proposal
- Retailer may issue a Disconnection Warning Notice if customer does not make revised payment proposal

Under clause 81

- Customer whose **arrears are on hold** misses a payment
- Retailer must use best endeavours to contact a customer to:
 - discuss varying the payment amount or frequency
 - provide more time to lower their energy costs
- Retailer may issue a Disconnection Warning Notice if customer does not make revised payment proposal
- Customer must implement practical assistance provided within timeframe – may be extended.

Customer circumstances

Clause 82 Customer circumstances

In providing assistance and considering payment proposals, retailers must take into account all of the circumstances of the customer that are known, or should reasonably have been known.

Minimum Standards – Default Assistance

Default Assistance

Clause 83 Objective

an entitlement to default assistance to repay their *arrears* over a fixed period.

Clause 83 Application

Customers in arrears who have not put forward a payment proposal, or have ceased to receive Tailored Assistance

Default Assistance

Clause 85 Default Assistance

offer in writing for payment of *arrears* by equal monthly payments over a period that is 3 times the length of their current billing period.

Example:

The number of monthly payments would be:
3 if the *customer* is on monthly billing; or
6 if the *customer* is on bi-monthly billing; or
9 if the *customer* is on quarterly billing.



Break for table discussions



Financial Hardship Policies

Financial hardship policies

Clause 86 Approval of financial hardship policies

- Maintains the requirement for financial hardship policies and their approval.

Clause 87 Content of financial hardship policies

A financial hardship policy must include:

- the matters set out in the Industry Acts; and
- **the entitlements to assistance in Divisions 3 and 4;**
- **any matters covered by guidelines or guidance notes**

Other Part 3 Provisions

Other Part 3 Provisions

Division 6 Communications

Clause 88 General information

- Assistance available
- Financial hardship policy
- Reducing energy costs
- Government and non-government assistance (incl. URGs)

Clause 89 Written communications

- Timely
- Disconnection Warning notice – delivered within 24 hours

Clause 90 Effect of Division

- No limit on other information provisions in the Code

Other Part 3 Provisions

Division 7 Miscellaneous

Clause 91 Retailer obligations

- Cooperation with government or non-government services
- Compliance with guidelines – including family violence
- Customer not in payment difficulty

Clause 92 Assistance beyond the minimum

- Assistance in addition, not substitution

Clause 93 Restriction on conditions

- Customer cannot be required to provide personal or financial information, or waive entitlements as a condition of receiving assistance

Other Part 3 Provisions

Division 7 Miscellaneous (cont'd)

Clause 94 Debt

- Debt recovery
- No sale of debt within 10 days of disconnection
- Compliance with ACCC/ASIC guideline
- Debt waiver permitted

Clause 95 Supply capacity control

- Prohibition maintained

Clause 96 Restriction on transfer

- No transfer while a customer's repayment of arrears is on hold.

Clause 97 Payment by Centrepay

- Adapted from the current Code to apply to customers in payment difficulty



Break for table discussions

Other changes

Reminder notices

NEW Clause 109 Reminder notices

Purpose

to remind the *customer* of their obligation to pay the bill and to give them clear and unambiguous information about the assistance to which they are entitled if they are facing payment difficulties.

Issue

- Not while a customer is receiving assistance
- After a customer fails to make a payment and does not make a revised payment proposal

Disconnection warning notices

Clause 110 Disconnection warning notices

NEW (1A) Purpose

to give the *customer* clear and unambiguous advice about what the *customer* needs to do to avoid being disconnected from their *energy* supply.

Disconnection as a last resort

Clause 111A Residential customer facing payment difficulties only to be disconnected as a last resort

A retailer may only arrange *de-energisation* if:

the retailer has:

- **provided the assistance under Part 3; and**
 - issued a *reminder notice* to the *customer*; and
 - issued a *disconnection warning notice*; and
 - after the issue of the *disconnection warning notice*, used its best endeavours to contact the customer;
- and
- the **customer has failed to meet their obligations** under Part 3

Disconnection as a last resort

Prior to disconnection a retailer must have **sufficient records** to demonstrate that the *customer*:

- failed to make a payment by the date on which it was payable,
 - did not put forward a revised payment proposal; and
 - did not have an entitlement to additional assistance (clause 79(1)(f));
- or
- exercised an entitlement to additional assistance and failed to make a payment by the date on which it was payable; and
 - did not put forward a revised payment proposal;
- or
- while receiving default assistance neither complied with the terms of that assistance nor contacted the *retailer* to exercise an option for tailored assistance;
- and
- refused or failed to take any reasonable action towards remedying the matter.

Repeal of the Operating Procedure

