

23/06/2021

Our ref: C/21/8535

Dear retailers and distributors

### **Supporting customers through the ongoing impacts of the coronavirus pandemic**

We are writing to notify your business that our disconnection advice and the temporary assistance measures put in place in response to the pandemic<sup>1</sup> will end as of 30 June 2021.

The response from the energy sector to the pandemic has supported Victorian customers during a period of heightened uncertainty. We have been monitoring the changes in economic, health and community circumstances over the past year, as the Victorian community has experienced lockdowns and government support measures have eased. The ongoing uncertainty of the coronavirus pandemic and resulting health situation has highlighted the importance of having measures in place to protect consumers during lockdowns. Average debt levels continue to grow and the Victorian community may continue to experience vulnerability due to the ongoing impacts of the pandemic.

The commission is committed to addressing the barriers to accessing essential services. We have been proactive in this area for many years, most notably through the payment difficulty framework in the energy sector and assistance for consumers affected by family violence. One of our priorities in 2021 is to work with stakeholders to develop a comprehensive strategy to address vulnerability.

The payment difficulty framework<sup>2</sup> continues to provide protections for customers in terms of access to payment support for those anticipating or facing payment difficulties, so that disconnection of a residential customer for not paying a bill is a measure of last resort. Retailers must also continue to support customers to complete utility relief grant application forms.<sup>3</sup> We are looking at pragmatic ways to help customers receive the benefits of the payment difficulty framework outlined below.

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<sup>1</sup> Essential Services Commission, [Letter to energy retailers and distributors - update on disconnections advice](#), March 2021.

<sup>2</sup> Part 3 of the Energy Retail Code.

<sup>3</sup> Essential Services Commission, [Guideline: Supporting utility relief grant applications](#), August 2020.

Our monitoring indicates the number of customers receiving payment assistance increasing in 2021. It is important retailers continue to support and proactively promote early engagement with customers about payment issues. Retailers are required to offer payment assistance that reflects a customer's views about their own circumstances and ability to pay.

### **Obligations to provide additional support to residential and small business customers**

The commission's August 2020 'Supporting energy customers through the coronavirus pandemic: Final decision' required retailers to provide additional support to residential and small business customers. These requirements will expire on 30 June 2021, apart from the ongoing obligation to assist in completing utility relief grant applications. We understand some retailers plan to adopt these temporary measures as part of their business-as-usual operations, which is encouraging.

### **Ongoing support**

We will continue monitoring disconnections and debt related data. This will inform how we respond to issues we may see in the community resulting from the ongoing impacts of the coronavirus pandemic.

We will be closely monitoring how businesses are supporting customers and we will take prompt action to address any conduct that is inconsistent with our rules, particularly the payment difficulty framework.

Many Victorians will need to be supported through the ongoing impacts of the pandemic. We are looking for proactive and practical ways to support customers and have set out some of our initiatives below.

On 26 May 2021, we hosted a forum bringing together representatives from the Australian Competition and Consumer Commission, Consumer Affairs Victoria and the Energy and Water Ombudsman Victoria to discuss best practice in debt collection. We reminded businesses of their compliance obligations when engaging third party debt collectors. The forum also reinforced the responsibility of retailers to ensure their processes comply with the relevant rules.<sup>4</sup>

We also held a session on 1 June 2021 for retailers on concessions and utility relief grants.

As part of our vulnerability strategy, we are also hosting a series of workshops with community and industry to share insights and best practice approaches to consumer support.<sup>5</sup>

We will be reviewing the payment difficulty framework and monitoring how these consumer supports are being delivered.

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<sup>4</sup> Clause 92(3) of the Energy Retail Code refers to [Debt collection guideline for collectors & creditors | ACCC](#).

<sup>5</sup> For more information, see our website: <https://www.esc.vic.gov.au/other-work/regulating-consumer-vulnerability-mind>.

## **Changes to voluntary reporting of COVID-19 data**

Since April 2020, energy businesses have been providing timely data on debt levels and assistance received by Victorian energy consumers. This has been extremely useful to the commission, government, and the broader community, and informed responses by both the commission and government. We believe that there is a continued need for much of this data, however, we recognise that compiling such timely and comprehensive data imposes a burden on energy businesses. We intend to streamline the amount and frequency of data collection from July, and revisit the need for this reporting in December 2021. We will separately write to businesses detailing these reporting needs.

## **Response to any future stay at home directions**

Victoria remains susceptible to lockdowns and we maintain our advice customers should not be disconnected during 'stay at home' restrictions (as originally set out in our correspondence dated 13 February 2021). We have set out these expectations in an appendix to this letter, to form standing advice from 1 July 2021 onwards. Future restrictions may warrant a different approach and we will advise distributors and retailers if our expectations change.

## **Ongoing response to people who are isolating or quarantining**

We also expect, if a retailer or distributor becomes aware that a residential customer is isolating or quarantining, that no steps be taken to disconnect that customer.

## **Further information**

If you have any questions regarding this letter, please contact Sarah Sheppard, Executive Director, Energy at [sarah.sheppard@esc.vic.gov.au](mailto:sarah.sheppard@esc.vic.gov.au) or contact the commission at [energyadmin@esc.vic.gov.au](mailto:energyadmin@esc.vic.gov.au).



**Kate Symons**  
Chairperson

## **Standing advice to apply in the event of 'stay at home' restrictions**

The following advice is to apply in the event of any 'stay at home' restrictions (restrictions that limit the reasons people may leave their home) applying in Victoria from 1 July 2021 onwards. The advice applies for the period that the 'stay at home' restrictions are in place and for the location(s) that the restrictions apply to.

Consistent with its previous advice, the commission considers that the 'stay at home' requirements mean that disconnection of energy supply may potentially endanger the health and safety of a person.

The expectations in this advice will be familiar to retailers and distributors, as they applied under the commission's advice dated 7 August 2020 (and running to 31 October 2020) and advice dated 13 February 2021 (running to 17 February 2021).

### **Keeping customers connected**

The commission expects distributors and retailers to adopt the following processes with respect to disconnecting residential customers, small business customers and large customers on-selling energy to residential or small business customers (for example, in residential parks or retirement villages).

The commission expects that while 'stay at home' requirements are in place:

#### Electricity and gas retailers:

- Take steps to satisfy themselves that the disconnection of a customer's supply address would not in any way immediately endanger the health or safety of any person before raising a service order for disconnection.
- Where they are able to obtain confirmation from the customer that the health and safety of any person would not be immediately endangered, the retailer will notify the distributor that confirmation has been obtained.

#### Electricity and gas distributors:

- Take steps to contact a customer before actioning any disconnection service request, where a retailer has raised a disconnection service request and has not obtained confirmation from a customer that any person's health or safety would not be immediately endangered (for instance because the retailer's attempts at contact have not been successful).

- Further, in the absence of being able to obtain confirmation that any person's health or safety would not be immediately endangered, not proceed with disconnection.

The commission expects that retailers and distributors will maintain adequate records of that customer confirmation.

A retailer or distributor who becomes aware that a residential customer is isolating or quarantining must not take steps to disconnect the customer.

## **Reconnections**

In the event a residential or small business customer has not made any contact with a retailer or responded to any contact by a retailer and has been disconnected for non-payment, the retailer must process an order for reconnection immediately on request from the customer. Where a customer is reconnected, the retailer should waive disconnection, reconnection and any contract break fees. In these circumstances, the distributor should also not charge any fees associated with the reconnection to retailers.

For disconnections for non-payment of residential customers that occurred within 14 days prior to the imposition of the 'stay at home' restriction, and where there has been no contact received by the retailer from the residential customer after that disconnection, a retailer should attempt to contact the residential customer to discuss reconnection.

