

## Punitive pay-on-time discounts a thing of the past in Victoria

The Essential Services Commission has reduced the amount energy retailer can charge customers who do not make their payment on time to 3.1 per cent – a reduction of 0.52 per cent.

Commission executive director energy Sarah Sheppard said the cap had been designed to protect Victorians from being stung by a high penalty price if they miss a bill payment.

“Limiting the amount paid for missing a deadline helps reduce bill shock for households and small business,” she said.

Ms Sheppard said punitive pay on time discounts are now a thing of the past in Victoria.

“Before the cap, consumers who were late paying a bill were paying high penalties, sometimes amounting to hundreds of dollars.

“But the cap, along with a number of other [energy contract reforms](#), put an end to high penalties as well as simplifying the range of offers,” she said.

The pay-on-time discount cap is the maximum you can be charged for being late with a bill payment. The new cap, applying to contracts commencing on or after 1 July 2021, is half a per cent lower than the current cap due to a fall in the debt risk premium being carried by energy retailers.

Customers on existing offers with pay-on-time discounts will not be affected by the new cap.

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