



ELECTRICITY INDUSTRY GUIDELINE No. 4

FOR PUBLIC RELEASE

ACCOUNTS COLLECTION CYCLE

(Issued pursuant to section 12 of the Office of the Regulator-General Act 1994)

Office of the Regulator-General

**ELECTRICITY INDUSTRY
GUIDELINE No. 4**

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AMENDMENT RECORD

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ACCOUNTS COLLECTION CYCLE
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DELETION OF CERTAIN INFORMATION

Consistent with the *Freedom of Information Act 1992* principles certain time frames and the amount below which a **supplier** must not disconnect a **customer** have been deleted from the copy of this guideline released to members of the public - disclosure of the information would be likely to expose the **suppliers** to disadvantage. Where information has been deleted it has been replaced by reference to the *Electricity Industry Guideline No 4, Confidential Version*.

A **customer** who is concerned whether a **supplier** has observed the time frames or dollar amount below which a **supplier** must not disconnect which have been approved by **the Office** may raise the issue with the Electricity Industry Ombudsman. The Ombudsman holds a copy of this Guideline with detail of the time frames and dollar amount.

The Electricity Industry Ombudsman may be contacted on 1800 500 509.

GLOSSARY

business day means a day, other than a Saturday, a Sunday or a public holiday appointed under the *Public Holidays Act 1993*.

customer means a person, other than a **supplier**, who buys or proposes to buy electricity from a **supplier**. Unless the contrary is stated, a reference in this guideline to a **customer** means a **franchise customer**.

franchise customer means a **customer** other than a **non-franchise customer**.

non-franchise customer means -

- in relation to the period ending on 31 December 2000, a **customer** who purchases a load or amount of electricity that exceeds prescribed limits determined in accordance with regulations made under the *Electricity Industry (Non-franchise Customers) Regulations 1995*; and
- in relation to the period commencing on 1 January 2001, all **customers**.

shortened monthly collection cycle means in relation to a **customer**, a **customer** who a **supplier** has, in accordance with the *Supply and Sale Code*, placed on a shortened collection cycle.

shortened quarterly collection cycle means in relation to a **customer**, a **customer** who a **supplier** has, in accordance with the *Supply and Sale Code* placed on a shortened collection cycle.

standard monthly collection cycle means in relation to a **customer**, a **customer** who a **supplier** has not placed on a **shortened monthly collection cycle**.

standard quarterly collection cycle means in relation to a **customer**, a **customer** who a **supplier** has not placed on a **shortened quarterly collection cycle**.

supplier means a person who holds both a distribution licence and a retail licence issued by **the Office**.

Supply and Sale Code means the Code of that name which is approved by **the Office** and which sets the minimum conditions under which a **supplier** may sell electricity to a **franchise customer**.

the Office means the Office of the Regulator-General established under the *Office of the Regulator-General Act 1994*.

PART 1: EXECUTIVE SUMMARY

1.1 This guideline, the result of extensive negotiations between *suppliers* and *customer representatives* facilitated by *the Office*, will benefit both *customers* and *suppliers*.

1.2 *Customers* will benefit by the guideline mandating reasonable periods in the *suppliers'* collection cycles before they may disconnect *a customer*. It will be of particular benefit to pensioners and other *customers* on fortnightly allowances because a *supplier* must observe a collection cycle that embraces two fortnightly payment periods.

1.3 The guideline also does away with an “*unsatisfactory payment*” concept that may, without cause, have tainted a *customer's* credit rating.

1.4 *Suppliers* will benefit from a reduction in the number of disconnections and reconnections. Disconnections and reconnections cost *suppliers* money. Allowing *customers* who might not otherwise pay, time to organise their affairs and meet their obligations should lead to a reduction in the number of disconnections.

1.5 While the minimum periods specified in this guideline may not be identical to those that applied immediately before the October 1994 restructuring of Victoria's electricity industry, *the Office* is satisfied that the minimum periods provide a protection for *customers* generally that is at least equal to that which applied prior to the restructuring.

PART 2: THE NATURE OF THIS GUIDELINE

2.1 Authority

2.1.1 This guideline is published by *the Office* pursuant to section 12 of the *Office of the Regulator-General Act 1994*.

2.2 Purpose

2.2.1 This guideline sets the minimum periods which a *supplier* must observe -

- in the issuing of notices in relation to the collection of accounts; and
- in taking action to disconnect a *customer's* supply address.

2.2.2 The guideline also sets the minimum outstanding amount for which a *supplier* may proceed to disconnect a *customer*.

2.3 Consultation

2.3.1 This guideline has been developed after consultation with the *suppliers* and *the Office's* Customer Consultative Committee having regard to, and for the purposes of achieving, *the Office's* objectives under section 7 of the *Office of the Regulator-General Act 1994* and section 157 of the *Electricity Industry Act 1993*.

2.4 The Office's objectives

2.4.1 The objectives of *the Office* under section 7 of the *Office of the Regulator-General Act 1994* are -

- *to promote competitive market conduct;*
- *to prevent misuse of monopoly or market power;*
- *to facilitate entry into the relevant market;*
- *to facilitate efficiency in regulated industries;*
- *to ensure that users and consumers benefit from competition and efficiency.*

2.4.2 The objectives of *the Office* under section 157 of the *Electricity Industry Act 1993* are -

- *to promote competition in the generation, supply and sale of electricity;*
- *to ensure the maintenance of an efficient and economic system for the generation, transmission, distribution, supply and sale of electricity;*

- *to protect the interests of consumers with respect to electricity prices and the safety, reliability and quality of electricity supply;*
- *to facilitate the maintenance of a financially viable electricity supply industry.*

2.5 Minimum periods only

2.5.1 The periods expressed in this guideline are minimum periods only.

2.5.2 Nothing in this guideline should be interpreted as precluding a *supplier* from introducing an alternative account collection cycle with periods at least equal to, or greater than, those in this guideline.

2.6 Further information

2.6.1 Further information about a *supplier's* and a *customer's* respective rights and obligations in relation to the payment of accounts may be seen by reference to the *Supply and Sale Code*. The Code has been approved by *the Office* as the minimum contract between a *supplier* and a *customer*. It is summarised in Customer Charters which each *supplier* must issue to its *customers*.

2.7 A living document

2.7.1. This guideline is a *living document* which may change to reflect *the Office's* experience of its application and to accommodate users' needs.

2.8 Interpretations

2.8.1 In this guideline unless the contrary intention is stated -

- the words *must, will or shall* are used to impose a mandatory requirement or obligation; and
- the words *should or may* are used to indicate a desirable course of action.

2.9 Amendments

2.9.1 A *supplier* or *the Office's* Customer Consultative Committee may propose an amendment to this guideline for consideration by *the Office*.

2.9.2 Suggestions for improvement to this guideline are welcome. Such suggestions should be addressed to -

The Office of the Regulator-General
Level 1, 35 Spring Street, Melbourne 3000
Facsimile: 03 9651 3688

PART 3: THE BASIS OF THIS GUIDELINE

3.1 Statement of Government Policy

3.1.1 A Statement of Government Policy issued by the Government on 29 September 1994 under section 10 of the *Office of the Regulator-General Act 1994* declared, amongst other things, that *the Office* should require each *supplier*, by way of a licence condition to develop and publish its own credit, security deposit and disconnection policies, practices and procedures which are at least equal to those that applied at the date of the Statement.

3.2 Licence requirements

3.2.1 The licences issued by *the Office* require that each *supplier* must in relation to its dealings with *customers*, observe a minimum contract known as the *Supply and Sale Code* which has been approved by *the Office*. The licences also require each *supplier* to participate, to the extent specified by *the Office*, in the development, issue and review of any standards and procedures specified by *the Office*. “*Standards and procedures*” are defined in the licences to mean, amongst other things, security deposit, disconnection and credit policies, practices and procedures.

3.2.2 Each *supplier* has, pursuant to a request by *the Office*, participated in a revision of the *Supply and Sale Code*, including a revision of their policies, practices and procedures applying to security deposits, disconnections and credit.

3.3 The Supply and Sale Code

3.3.1 The *Supply and Sale Code* requires each *supplier* to observe the minimum periods set out in this guideline when formulating and implementing its accounts collection cycle.

3.3.2 Where a *supplier* seeks to disconnect a *customer* in accordance with Part 5 of this guideline, the *supplier* must observe Part 10, “*Disconnections*”, of the *Supply and Sale Code*.

PART 4: MINIMUM ACTION PERIODS

4.1 Current quarterly accounts

4.1.1 A *supplier* taking action of the kind described in Column No. 1 of Schedule No. 1 in relation to a *customer* who is on a *standard quarterly collection cycle* must, as a minimum, observe the sequence of *business days* specified in *Electricity Industry Guideline No 4, Confidential Version - Accounts Collection Cycle Schedule 1, Column 3*.

4.1.2 A *supplier* taking action of the kind described in Column No. 2 of Schedule No. 1 in relation to a *customer* who is on a *shortened quarterly collection cycle* must, as a minimum, observe the sequence of *business days* specified in *Electricity Industry Guideline No 4, Confidential Version - Accounts Collection Cycle Schedule 1, Column 3*.

SCHEDULE NO. 1 CURRENT QUARTERLY ACCOUNT COLLECTION CYCLE MINIMUM ACTION PERIODS

Column No. 1	Column No. 2
Standard Collection Cycle Action	Shortened Collection Cycle Action
(1) Specifying day 12* as the pay by date in a bill	(1) Specifying day 12* as the pay by date in a bill
(2) Dispatching a reminder notice	(2) Dispatching a disconnection warning in lieu of a reminder notice
(3) Specifying a pay by date in the reminder notice	(3) Specifying a pay by date in the disconnection warning
(4) Dispatching a disconnection warning	
	(4) Raising an internal disconnection order
(5) Specifying a pay by date in a disconnection warning	
(6) Raising an internal disconnection order	

* Calculated from and inclusive of the day of the dispatch of the bill

4.2 Current monthly accounts

4.2.1 A **supplier** taking action of the kind described in Column No. 1 of Schedule No. 2 in relation to a **customer** on a **standard monthly collection cycle** must, as a minimum, observe the sequence of **business days** specified in *Electricity Industry Guideline No 4, Confidential Version - Accounts Collection Cycle Schedule No. 2, Column No. 3*.

4.2.2 A **supplier** taking action of the kind described in Column No. 2 of Schedule No. 2 in relation to a **customer** who is on a **shortened monthly collection cycle** must, as a minimum, observe the sequence of **business days** specified in *Electricity Industry Guideline No 4, Confidential Version - Accounts Collection Cycle Schedule No. 2 Column No. 3*.

SCHEDULE NO. 2
CURRENT MONTHLY ACCOUNT COLLECTION CYCLE
MINIMUM ACTION PERIODS

Column No. 1	Column No. 2
Standard Collection Cycle Action	Shortened Collection Cycle Action
(1) Specifying day 12* as the pay by date in an initial bill	(1) Specifying day 12* as the pay by date in an initial bill
	(2) Dispatching an initial disconnection warning
	(3) Specifying a pay by date in an initial disconnection warning notice
(2) Dispatching a subsequent bill with a disconnection warning	(4) Dispatching a subsequent bill specifying that disconnection is imminent
	(5) Raising an internal disconnection order
(3) Raising an internal disconnection order	

* Calculated from and including the day of the dispatch of the bill.

4.3 Final accounts

4.3.1 A *supplier* must not specify a pay by date of less than 12 business days in a final bill to a *customer* who has given notice of intention to vacate a supply address in accordance with the *Supply and Sale Code*.

PART 5 : MINIMUM DISCONNECTION AMOUNTS

5.1 Outstanding accounts

5.1.1 A *supplier* must not disconnect supply to a *customer's* address for non-payment of a bill where the outstanding amount is less than the amount approved by the Office as specified in *Electricity Industry Guideline 4, Confidential Version - Accounts Collection Cycle* clause 5.1.1.