

Energy Reforms Factsheet

How the Stage 1 Energy Reforms will affect your Victorian Electricity and Gas bills



October 2025

Read time: four minutes

What are the current energy protections for Victorians?

Under the Energy Retail Code of Practice (ERCoP) in Victoria, if you're struggling to pay your energy bills, the Payment Difficulty Framework (PDF) gives you important protections. Electricity and gas retailers must help by providing:

- personalised assistance, including flexible payment options (like smaller payments or payment pauses) and agreeing to a payment plan you say you can afford if you're behind on your bills
- information on concessions and government help (like the Utility Relief Grant), and
- tips on cheaper energy plans or ways to reduce your energy costs.

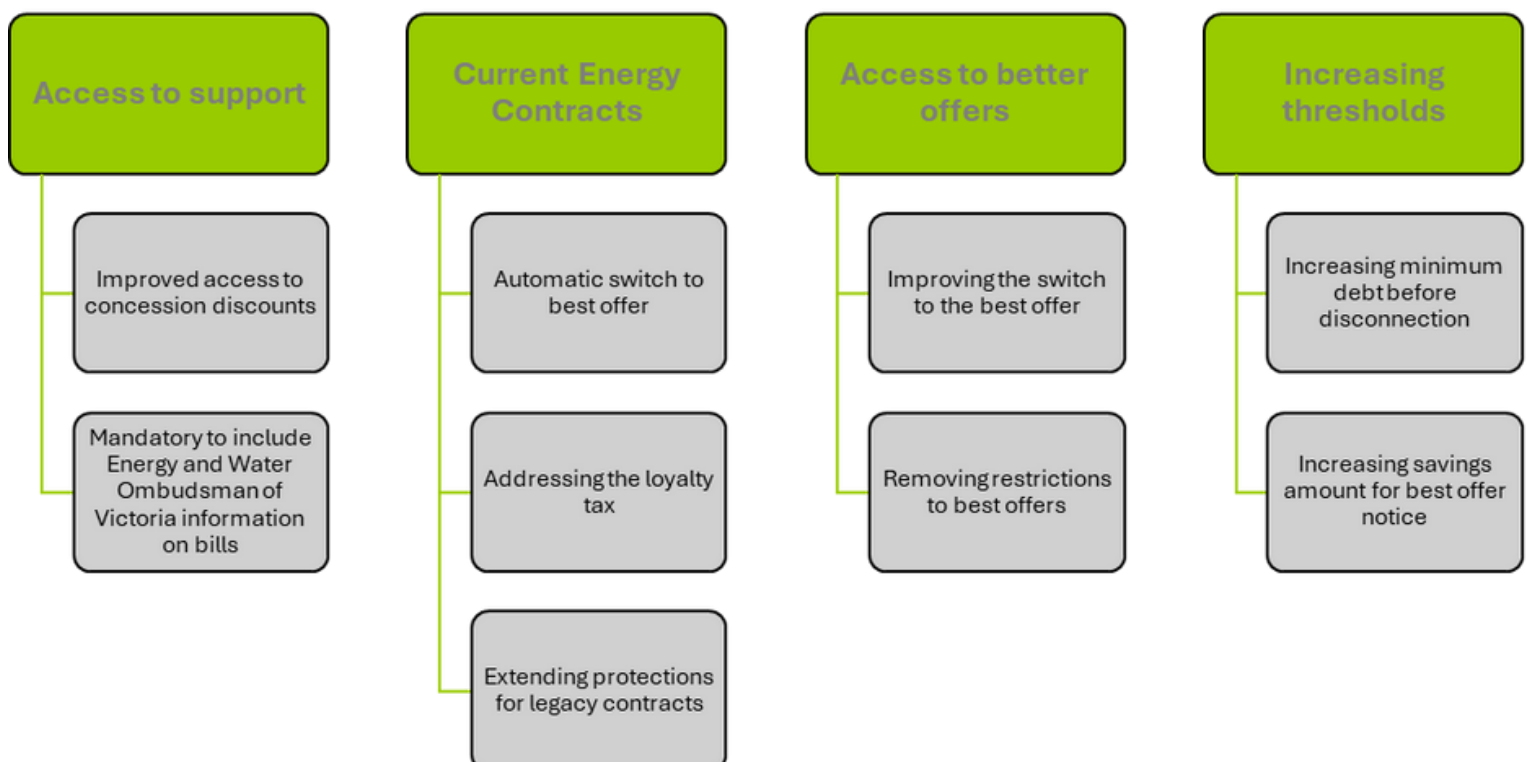
These are the minimum supports retailers must provide, but they can also go further by offering extra help, such as waiving debts, payment matching plans, or types of discounts to your bill.

You can ask your retailer what additional payment difficulty assistance they can provide you.

What's new?

- **From February 2026** new protections will be added to the ERCoP to help Victorians who are struggling to pay their electricity and gas bills.
- These are the first stage of changes to the ERCoP, and include new rules for retailers to automatically switch customers in payment difficulty onto their cheapest plan, improve access to the retailer's best offers and improve access to concession entitlements.
- These changes are just the first round – there will be more changes and protections to come!

What are the key changes we will see?



Access to support

I complained to the retailer about my energy bill, but was unhappy with their response.

What steps can be taken next?

- If you are unhappy with the response to your complaint from the retailer, you can contact the Energy and Water Ombudsman of Victoria (**EWOV**). They provide free and independent external dispute resolution for complaints about electricity, gas and water retailers. Contact EWOV at 1800 500 509 or www.ewov.com.au
- From **February 2026** retailers must include the contact phone number of **EWOV on all customers' bills**.

Are there any improvements to ensure concessions, such as Health Care Card and Pension Cards are applied?

From **July 2026**, retailers will be required to ask customers information to confirm if they are eligible for a concession.

When a retailer becomes aware that the customer is eligible, they must ensure the concession is applied.

Retailers will have to ask customers whether they have a concession card, at a minimum, at the following times:

- Starting a new contract with a customer
- When a customer requests to switch plans
- When a customer requests payment difficulty assistance
- As soon as practicable, if the customer may be affected by family violence

Retailers will also have to contact customers and advise if they lose eligibility to their concession entitlement.

Current energy contracts

Protections for customers paying higher prices (Addressing the loyalty tax)

What is the “loyalty tax”, and how are customers protected from higher prices?

- A "loyalty tax" isn't a real tax but a hidden cost for long-term customers who stay with the same energy retailer
- From **July 2026**, retailers will be required to review their prices annually and make sure customers on the same contract for four years or more are paying a reasonable price.
- if a customer is on a contract of four years or more and they are paying an unreasonable price, retailers will be expected to either:
 - Reduce the tariffs paid (through a credit back or reduction) **or**
 - Switch the customer to a cheaper plan

Extending protections for legacy contracts

What are ‘legacy contracts’ and how are those customers being protected?

- A "legacy contract" is an older energy plan or offer that was in place before the 2020 Energy reforms, where pay-on-time discounts apply.
- From **July 2026**, under the new changes, all energy contracts (including those entered before July 1 2020) must:
 - Limit fees and discounts related to payment conditions to reasonable costs
 - Make pay-on-time discounts unconditional
 - Provide discounts, rebates, or credits that apply for the duration of the contract

Automatic switch to best offer

How do customers know they are on the best offer?

From **October 2026**, retailers will be required to automatically switch customers to their best offer if they are:

- receiving tailored assistance (under the Payment Difficulty Framework) **or**
- behind in payments for at least three months, and have accrued \$1,000 or more debt

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Frequently Asked Questions



Automatic Switch to best offer (continued)

What happens if I don't want the automatic switch?

- To protect the customer's choice, retailers will have to notify their customers that they will be automatically switched
- You can choose to **opt out** (10 days before the switch occurs)

Will I retain my concession or rebate if I'm automatically switched?

Yes, your retailer will be required to retain any government concessions or rebates to your new offer

Access to the best offers

Improving the switch to the best offer

How is it made easier to switch to the best offer?

- **From October 2026**, retailers will be required to have effective, simple and accessible processes to switch to their best offer.
- This must include:
 - Clear and simple instructions on their website
 - Process via phone or website to switch
 - Simple and accessible process to compare your current plan to other plans your retailer offers, including their best offer

Will there still be restrictions or conditions on the best offers?

Currently, some retailers require customers to pay by direct debit or receive e-billing to access their best offer.

From October 2026, retailers must:

- Provide multiple payment methods other than direct debit on all new offers
- Not require customers to use direct debit with any offers
- Cap discounts or fees to reasonable costs if there is an offer with direct debit

Increasing thresholds

Increasing minimum debt amount for disconnection

What happens if I'm in arrears, can I be disconnected?

Currently, the minimum debt threshold before a retailer can begin the disconnection process is \$300.

From October 2026, the minimum debt threshold will be increased to **\$1,000**. But, if you are experiencing payment difficulty, your retailer is still required to provide you assistance before beginning the disconnection process.

Increasing savings amount for best offer notification

When does my retailer have to provide me with information on the best offer?

Currently, your retailer must provide you with a comparison of your current offer compared to their best offer if you could save \$22 a year or more. **From October 2026** unfortunately, this amount will increase to **\$50**.

This means that if your retailer calculates you could save \$50 a year or more if you switched offer, they must provide you a notice in your next bill of their best offer, and how much you could save if you switched.

If you're struggling with your bills, you can contact our free, independent and confidential financial counsellors on the Victorian National Debt Helpline (NDH) on

1800 007 007 | www.ndh.org.au