

Emergency Electricity Payment Scheme (EEPS) Review

Background

The Emergency Electricity Payment Scheme (EEPS) provides assistance to households in a financial crisis who are unable to pay their electricity debt. Currently, the assistance is a \$400 payment, once every three years – on application from a financial counsellor. To be eligible, customers must be the energy account holder, must not have an energy debt greater than \$2,000, and must be disconnected or at risk of disconnection. These eligibility criteria exclude customers of embedded networks (e.g. in caravan parks, apartment blocks), most customers with long-term energy debt (around 70 per cent of customers in debt for more than 24 months have debt over \$2500¹), and customers on payment plans or hardship programs (who are not, in theory, ‘at risk of disconnection’).

In 2019/20, South Australia had the highest disconnection rate of any NEM jurisdiction in Australia (.9% down from 1.3% in 2018-19)². South Australia also had the highest average debt for non-hardship customers of \$1,131 (over \$200 higher than NSW), and the highest average amount of hardship debt on entry into hardship programs of \$1,884 – up \$800 since 2015-16.³ The average debt of hardship customers in 2019/20 was \$1,970 - also the highest in the NEM - up from \$1,863 at the same time last year.⁴

On this basis, hardship customers with average or above average debt levels, as well as 70% of customers with debt older than 24 months, would currently be excluded from accessing the Scheme. This raises real concerns about whether EEPS, in its current form, can achieve its purpose of helping households in a financial crisis.

In 2019/20 only 817 customers in SA accessed EEPS,⁵ and during the same period 6,988 residential customers were disconnected for non-payment (down from 10,317 in the previous year due to the COVID moratorium on disconnections).⁶ Last financial year South

¹ Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 71-72

² Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 91

³ Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 83 (see also AER [Annual Retail Markets Report 2019-20 – Charts and Tables](#))

⁴ Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 83 (see also AER [Annual Retail Markets Report 2019-20 – Charts and Tables](#))

⁵ Government of South Australia, Department of Human Services, [Annual Report 2019-20](#), Administered Financial Statements, Emergency Electricity Payments, p.13

⁶ Australian Energy Regulator, [Annual Retail Markets Report 2019-20](#), November 2020, p. 91 and [Schedule 3, Q4 2019-20 Retail Performance Data](#)

Australia had 26,570 non-hardship energy and gas customers repaying debt, 15,218 hardship customers and 13,651 residential customers on payment plans. The 817 customers assisted to maintain their connection to an energy supply, represents a fraction of the South Australian customers experiencing difficulty in paying their energy bills.

In addition, embedded network customers are excluded from accessing EEPS because they are not billed directly – as they are not the account holder. The bill goes to the caravan park owner, who often bundles all charges (rent, energy, water, sewerage) and then bills the customers. This then excludes a very vulnerable cohort of customers from emergency payment support.

Policy Response

The EEPS eligibility criteria need to be changed to remove these barriers to access. Specifically, SACOSS is seeking that:

- the \$2000 debt limit is removed
- the requirement that the customer be disconnected or at risk of disconnection is removed
- the payment is increased from \$400
- the payment is made more frequently than once every three years
- customers of embedded networks are included in the Scheme.

The Victorian Utility Relief Grants Scheme provides a good benchmark with much broader eligibility criteria and greater support: \$650 for each utility (water, electricity, gas) every two years, or \$1300 if customer only has one form of energy (e.g. electricity) every two years.⁷ Customers can apply to their retailer for the Utility Relief Grants Scheme (URGS) themselves (as opposed to requiring a financial counsellor apply on the customer's behalf). Victoria also has a Utility Relief Grants Scheme (non-mains) which covers embedded network customers, providing help to pay a non-mains energy or water bill that is overdue due to a temporary financial crisis.

SACOSS Proposal

1. Change the eligibility criteria for EEPS to abolish the debt cap and ensure those on payment plans and hardship programs, as well as embedded network customers are not prevented from eligibility or referral.

⁷ Victoria State Government, Department of Health and Human Services website, Concessions and benefits, [Utility Relief Grant Scheme](#) and [Utility Relief Grant Scheme \(non mains\)](#)