

Energy Bill Relief Fund Extension – Victoria

FEDERATION FUNDING AGREEMENT – ENVIRONMENT

| Table 1: Formalities and operation of schedule | |
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| Parties | Commonwealth Victoria |
| Duration | This Schedule is expected to expire on 30 June 2026, or when the final payment adjustments are made (if applicable), whichever is later. |
| Purpose | <p>This Schedule will support the delivery of energy bill assistance (bill relief) to all households and eligible small businesses in Victoria from the Commonwealth’s Energy Bill Relief Fund (the Fund) relating to the period 1 July 2024 to 30 June 2025.</p> <p>Bill relief will be provided to all Victorian households and to small business customers of electricity retailers, as defined by Victoria’s energy law.</p> <p>Further details of the eligibility criteria for bill relief are detailed at Appendix A.</p> |
| Governance | <p>Victoria will utilise existing processes and implement appropriate processes where necessary to ensure the integrity of payments from the Fund.</p> <p>For household customers, this will require participating electricity retailers to check eligibility for retail customers and the Victorian Department of Energy, Environment and Climate Action (DEECA) to confirm eligibility for households in embedded networks as outlined in Appendix A.</p> <p>For small businesses, eligibility will be administered using Victoria’s definition of small businesses under its energy law and as outlined in Appendix A.</p> <p>Victoria will ensure that there are appropriate risk and governance frameworks for the extension, similar to those that are used in administering the existing fund.</p> <p>The Commonwealth will work with Victoria to identify shared risk and manage and appropriately mitigate shared risks.</p> |
| Reporting arrangements | <p>Victoria will provide the Commonwealth with statements of assurance in relation to bill relief that satisfies the requirements outlined in Appendix B of this Schedule.</p> <p>Victoria will provide additional information, where possible, if requested by the Commonwealth for the purposes of approving the statements of assurance and for the Commonwealths assurance activities, where relevant.</p> |

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| <p>Estimated financial contributions</p> | <p>Through the Fund, the Commonwealth will contribute an estimate of \$3.5 billion in aggregate to all states for bill relief.</p> <p>Given this is a demand-driven program, the final resulting allocations to all states will depend on the actual number of households, embedded networks and small business customers in each jurisdiction over the period of the program. The Commonwealth’s estimated contributions for bill relief in Victoria are set out in Table 2.</p> <p>The Commonwealth will prepay Victoria (\$438.5 million) for Quarter 1 and Quarter 2, based on half the estimated total for the program. Once this has been expended to reimburse retailers, the Commonwealth will reimburse Victoria for the remaining payments in arrears, based on statements of assurance confirming reports are an accurate representation of bill relief provided by retailers.</p> |
| <p>Additional terms</p> | <p>Any changes to the key parameters outlined in Appendix A will need to be agreed by the Victorian and Commonwealth Treasurers.</p> <p>Any changes to data reporting requirements outlined in Appendix B will need to be agreed by relevant Victorian and Commonwealth officials.</p> <p>Payments made outside the agreed scheme parameters will not be funded by the Commonwealth.</p> <p>Where Victoria recoups payments made to ineligible entities, Victoria will repay the Commonwealth’s financial contributions.</p> <p>Repayments may be managed by either the Commonwealth amending a future payment to Victoria under this Schedule by the relevant amount, or by the Commonwealth invoicing Victoria for the relevant amount.</p> <p>Rebates will not be refundable for active accounts. Where rebates from the Fund remain as unused credit upon the closure of an account, the remaining credit should be refunded to the customer in line with existing Victorian energy rules.</p> <p>Accounts consistently in credit should be managed in line with retailer credit policies where appropriate.</p> <p>Any retailer requests for funding to support program administration and rollout are matters for the Commonwealth to resolve. Victoria will not be required to co-fund administration costs requested from retailers.</p> <p>Victoria will require retailers to support any invoices with reporting on the number of customers receiving rebates and will provide breakdowns of the type of customers split between residential, embedded network and small business customers, who have received rebates.</p> <p>Victoria will require retailers to assist residential customers who wish to check their eligibility for the Fund payment.</p> |

Table 2: Victoria – Performance requirements, reporting and payment summary

1. The Commonwealth will reimburse Victoria for bill relief provided to all households and eligible small businesses as part of the extension as detailed in this schedule, at a rate of up to \$300 per household and \$325 per small business. Costs are estimated at \$877 million to the Commonwealth for bill relief provided for 2024-25.
2. Any costs for bill relief that exceed the above estimated total cost (e.g. due to take up being higher than forecast) will be borne by the Commonwealth subject to appropriate data and fraud controls.
3. Eligibility criteria are detailed in Appendix A.
4. Eligibility for bill relief to household retail customers will be checked by retailers with rebates applied to the Account Holder's electricity bill.
5. Eligibility for bill relief to households in embedded networks will be checked by Victoria's Department of Energy, Environment and Climate Action with rebates paid directly to the Account Holder via Electronic Funds Transfer or Cheque.
6. Eligibility for bill relief to small businesses will be administered by retailers, consistent with Victorian legislation and using Victoria's definition of small businesses under Victorian energy law, with rebates applied to the Account Holder's electricity bill.
7. Eligibility for bill relief to small businesses in embedded networks will be checked by Victoria's Department of Energy, Environment and Climate Action and paid directly to the Account Holder via Electronic Funds Transfer or Cheque.
8. Retailers will establish or use existing mechanisms to mitigate fraud as appropriate. Claims will be reviewed for irregularities and additional information may be requested from retailers if there is any variability in claims.
9. The Commonwealth will make a prepayment of \$438.5 million in the first monthly payment round following signature of this agreement, for payments expected in Quarter 1 and Quarter 2. Statements of assurance should be provided for every month following the initial prepayment.
10. Subsequent payments will be made in arrears following the provision of a statements of assurance showing that the prepaid funds have all been spent to reimburse retailers and the provision of a statement of assurance relating to the subsequent payment requests.
11. Payment to Victoria will be made as soon as practicable following the provision of a statement of assurance in relation to bill relief that satisfies the requirements outlined in this schedule.
 - a. The reporting requirements for the statement of assurance are detailed in Appendix B.
 - b. A statement of assurance should be provided to the Commonwealth within two months, or as soon as practicable, after the end of each month.
12. A line item will be included on energy bills regarding the Fund, with details to be determined in discussion with the Commonwealth, Victoria and retailers that acknowledges the contributions made by the Commonwealth.
13. The Commonwealth and Victoria will take necessary steps to ensure that electricity retailers include a statement on the front page of all bills where the rebate has been applied, consistent with the Australian Energy Regulator's Better Bills Guidelines. *"The Australian Government and your State Government are supporting customers to reduce bills. Check the understand your bill section to see if you have received a rebate or concession. More information at energy.gov.au."*

Payment arrangements

Household rebate

1. Eligible households will receive a total bill credit through their retailers of up to \$300 for 2024-25,

contributed by the Commonwealth.

2. Credits of \$75 will be applied to the bills of those eligible households in each quarter of the 2024-25 financial year 2024-25, or as soon as practicable thereafter.
3. In the case of household embedded networks, a grant payment of a total of \$300 will be made directly to eligible customers as a one-off payment for 2024-25.

Small Business Rebate

4. Eligible small businesses will receive a total bill credit of up to \$325 for 2024-25, contributed by the Commonwealth.
5. Credits will be applied to the bills of eligible small businesses as a single payment. Payment timing will be agreed in a manner that minimises the administrative impost to retailers and Victoria, as appropriate with existing billing cycles.
6. In the case of small business embedded networks, a grant payment of \$325 will be made directly to eligible customers as a one-off payment for 2024-25.

The Parties have confirmed their commitment to this schedule as follows:

Signed *for and on behalf of the
Commonwealth of Australia by*



The Honourable Dr Jim Chalmers MP
Treasurer

9 August 2024

Signed *for and on behalf of the
State of Victoria by*



The Honourable Tim Pallas MP
Treasurer

26 August 2024

Appendix A: Key scheme parameters

1. This appendix to the *Energy Bill Relief Fund Extension – Victoria* Schedule (the Schedule) supports the delivery of an extension to the Fund. The extension was announced in the Commonwealth’s 2024-25 Budget. This package will support households and small businesses and help shield them from ongoing cost of living pressures.
2. The Commonwealth will reimburse Victoria for bill relief provided to all households and eligible small businesses at a rate of up to \$300 per household and \$325 per eligible small business.
3. Payments to Victoria will be made in accordance with the requirements outlined in this Schedule.
4. In agreeing to this appendix, Victoria agrees to implement this package in accordance with the eligibility criteria detailed below.
5. The Commonwealth’s funding contributions are outlined in Table 2 of the Schedule.
6. The delivery of bill relief through the Fund is not intended to and will not affect any state or territory’s GST allocation.

Eligibility period

Census Dates

7. The census dates for each quarter are:
 - a. Quarter 1: 31 July 2024 (16 August 2024 for Small Business)
 - b. Quarter 2: 1 October 2024
 - c. Quarter 3: 13 January 2025
 - d. Quarter 4: 1 April 2025
8. These census dates may be varied where agreed to by officials from both parties to enable efficient delivery of the rebates.

Household eligibility criteria

9. Eligibility and payments for households will be based on the census dates for each quarter:
 - a. Residential retail customers holding an active electricity account in Victoria at the census date of each quarter in 2024-25 will be eligible to receive that quarter’s rebate on the account.
 - b. Households in an embedded network in Victoria will only need to apply once and be able to receive the full rebate in a once-off payment.
10. Households may be determined to be eligible as otherwise agreed between the parties, including any changes after the Schedule commences.
11. Rebates will be provided to households on an account basis where possible.
12. New household electricity accounts created after 1 April 2025 will not be able to access bill relief.

Small business eligibility criteria

13. Eligibility and payments for small businesses will use the ‘small customer’ definition below.
 - a. Small business retail customers holding an active electricity account at the Quarter 1 census date will be eligible to receive a single \$325 rebate on the account.
 - b. Small businesses in embedded networks will only need to apply once and be able to receive the full rebate in a once-off payment.
14. Bill relief will be targeted to small business customers of electricity retailers by using the definition of electricity ‘small customer’ as applied in each state under the National Energy Retail Law. In Victoria, this definition is an annual electricity consumption of 40 MWh.
15. Subject to feasibility determined during retailer engagement, Victoria and retailers will take reasonable steps to prevent providing relief to non-eligible entities such as government agencies and branches of larger businesses.
16. New small business electricity accounts created after 1 April 2025 will not be able to access bill

relief.

Appendix B: Data reporting requirements

Statement of assurance

1. Victoria will report to the Commonwealth on the number of households and small businesses who receive bill relief via statements of assurance that confirm retailers have checked the eligibility of each recipient against the criteria outlined in Appendix A.
2. Victoria will provide a statement of assurance to the Commonwealth monthly with timing to be agreed between the two parties, or as soon as practicable, during the term of the agreement where retailers have been reimbursed for bill relief.
3. The statement of assurance will include summary statistics on the take-up of bill relief for each quarter, including:
 - a. total value of bill relief provided split between households and small businesses;
 - b. total number of entities that had received bill relief split between households and small businesses;
 - c. total number and value of payments made to eligible customers in embedded networks; and
 - d. details of any bill relief provided to households or small businesses subsequently found to have been ineligible for support and funding recovered, including de-identified invoices upon request.
4. The statement of assurance for the last quarter must also include summary statistics on the total bill relief provided over the period 1 July 2024 to 30 June 2025, including information outlined in clause 3 of Appendix B, to inform an end of program reconciliation and if required, any payment adjustments.
5. Where Victoria identifies any instances of fraud or misconduct relating to payments made under the Fund, Victorian officials will notify the Commonwealth in writing, including details of action taken to remedy this where appropriate.
6. Where any audits or other assurance activities are undertaken to ensure the integrity of payments made under the fund, Victoria will write to the Commonwealth to summarise the findings and advise the Commonwealth of the outcomes of these processes.
7. The parties must in good faith negotiate to resolve any disagreement or dispute arising between them in relation to the statements of assurance. If a dispute cannot be resolved by officials, it may be escalated to the relevant Ministers.