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Danielle Chifley
Acting General Manager, Policy
Australian Energy Regulator (AER)

Submission to the AER's Issues Paper - Review of payment difficulty protections in the National Energy Customer Framework

Dear Ms Chifley,

Energy Consumers Australia appreciates the opportunity to provide feedback on the Australian Energy Regulator's (AER) Issues Paper - Review of payment difficulty protections in the National Energy Customer Framework¹ (the "Paper"). We represent all residential and small business energy users, and advocate for a future Australian energy system that works for, and benefits, the households and small businesses who use it, and one in which no one is left behind on the journey to net zero.

For those consumers who experience payment difficulty and are vulnerable to energy stress, we advocate for effective and timely support that provides people with the help they need when they need it, to ensure they can enjoy unbroken access to energy supply.

Our June 2024 Energy Consumer Sentiment Survey finds that more people than ever are feeling the pressure of cost-of-living.² Across all income brackets except the highest (over \$150k), more than half of households say they are either under financial pressure or managing to afford households bills but struggling to afford anything extra.

This paints a concerning picture for current and future energy affordability in Australia. Our trending data shows that the group of consumers who are experiencing or are at risk of experiencing payment difficulty is growing year on year and is returning to 2020 pandemic-era levels.

Similarly, the Melbourne Institute's Pulse of the Nation found that "The cost-of-living crisis has exacerbated financial vulnerability among Australians.³ Across all communities, challenges related to housing, utility bills, and medical needs have intensified, even surpassing levels seen in 2023. The increase in financial vulnerability not only increases the risk of falling into poverty but also has other potential consequences for mental well-being."

Simultaneously, there is clear evidence that current consumer protections for people experiencing payment difficulty in the National Consumer Energy Framework (NECF) aren't working. Post-COVID, the proportion of consumers holding energy debt, on payment plans, and entering hardship programs has increased significantly. In the past 12 months, though, only 1 in 3 customers exited hardship programs after successful completion, indicating that existing assistance measures are not providing assistance that addresses energy stress in a sustainable way.⁴

¹ Available at: <https://www.aer.gov.au/system/files/2024-05/AER%20-%20Review%20of%20payment%20difficulty%20protections%20in%20the%20NECF%20-%20Issues%20paper%20-%20May%202024.pdf>

² Energy Consumers Australia, [Energy Consumer Sentiment Survey June 2024](#) (June 2024).

³ Melbourne Institute, [Taking the Pulse of the Nation February 2024](#) (accessed 20 July 2024).

⁴ Australian Energy Regulator, Annual retail markets report 2022-23, November 2023.



Further, the Paper notes, alarmingly, that “an estimated 1.2% of consumers [are] in energy debt but not accessing either the basic support of a payment plan or the additional support provided under hardship programs.”⁵

The Victorian payment difficulty framework⁶ is delivering better protections and outcomes for energy consumers experiencing payment difficulty in Victoria. We accordingly endorsed the AER’s decision to consider whether it should be incorporated into the NCEF as one of the actions in the AER’s Towards Energy Equity Strategy. This review offers the opportunity to learn from the Victorian experience, as well as successful reform overseas, to improve practice in the National Energy Market (NEM).

Our recommendations in response to the Paper

The Victorian payment difficulty framework should set the baseline for what the national framework entails, as it is generally considered an effective and robust framework.

However, the Victorian framework doesn’t always work as intended, so it is critical that the challenges and failings identified in the Victorian system are addressed and remedied in the national one to ensure even better outcomes for consumers.

Primarily, these challenges and failings emerge for implementation, and how retailers are held to account. It is crucial that the AER assess how this review—and any changes associated with it—plus the other actions and commitments in its Towards Energy Equity Strategy,⁷ such as the *Customer Engagement Toolkit - Better practices for identifying and supporting consumers experiencing vulnerability*⁸ are reflected in the AER’s monitoring, compliance and enforcement measures.

This submission will outline our recommendations for adopting and improving the Victorian payment difficulty framework in the NCEF, and balancing principles with prescription. A summary of our recommendations in response to the AER’s questions in the Paper can be found in Table 1 below.

⁵ Australian Energy Regulator, Review of payment difficulty protections in the National Energy Consumer Framework, Issues Paper (May 2024) p8.

⁶ Essential Services Commission, 2021. Payment difficulty framework implementation review 2021. Available at: <https://www.esc.vic.gov.au/electricity-and-gas/inquiries-studies-and-reviews/payment-difficulty-framework-implementation-review-2021#tabs-container1>

⁷ AER, 2022. Towards Energy Equite Strategy. Available at: <https://www.aer.gov.au/system/files/AER%20-%20Towards%20energy%20equity%20strategy%20-%20October%202022.pdf>

⁸ AER, 2024. Customer engagement toolkit – Better practices for identifying and supporting consumers experiencing vulnerability – Draft for consultation. Available at: <https://www.aer.gov.au/system/files/2024-03/2024-Customer%20engagement%20toolkit%20-%20Draft%20for%20consultation%20-%20March%202024.pdf>



Table 1 - Summary of ECA recommendations.

Consultation theme	Our recommendations
<i>The proposed approach to the review</i>	<p>The AER should proceed with the necessary legislative and rule changes required to embed a payment difficulty framework in the NECF as a priority.</p> <p>In the process of adopting a national framework, the AER should undertake meaningful, continual and collaborative consultation in the following ways:</p> <ol style="list-style-type: none"> 1. By working closely with the Essential Services Commission of Victoria (ESC) in its review of the Energy Retail Code of Practice so NECF improvements are carried as appropriate into the Victorian regulatory regime to deliver better outcomes for consumers in financial stress. Aligning the NEM and Victorian regime will also minimise retailer costs and regulatory burden. 2. By establishing a Reference Group comprising both retailers and consumer representatives, like the ESC’s reference group during its development of the payment difficulty framework, to develop the content of the framework and, importantly, how to support its implementation. 3. By conducting workshops and facilitating other forums in which a broader cross-section of retailers, community groups and consumer representatives can come together to input into the design of the framework. <p>That the AER, in addition to the indicators proposed in the Paper, adopts more specific and ambitious success measures in relation to decreased levels of debt and disconnection. For instance:</p> <ul style="list-style-type: none"> • That the indicator, “<i>Decrease in the proportion of customers in medium-term (12-24 months) and long-term (over 24 months) energy debt</i>” be more specific. • That the indicator, “<i>Decrease in the proportion of customers disconnected within 12 months of being on a payment plan or successfully completing a hardship program</i>” and “<i>Decrease in the proportion of customers disconnected for non-payment on more than one occasion in the previous 12 months</i>” be more forward-looking, and are designed to measure the long-term sustainability of payment difficult support as a key measure of success. • That the AER monitors this data closely, and issue notices for retailers to explain where customers are exiting payment plans with high debt, and where the number of disconnected customers being reconnected within seven days is high. <p>That the cost and benefit criteria be weighed so that analysis adequately reflects the precedence of consumer outcomes over retailer costs.</p>
<i>Learning from other jurisdictions</i>	That the Victorian payment difficulty framework be adopted in the NECF, with improvements to address shortcomings that have been identified in its implementation life.



Consultation theme	Our recommendations
	That a Priority Services Register is created, along similar lines to that managed by Ofgem in the UK.
<i>Eligibility for payment difficulty support</i>	That the AER ceases to use the language of hardship in any framework that is designed to provide customers with support to manage payment difficulty.
	That payment difficulty protections are extended to embedded network customers, and that the AER consider how provisions could be extended to small businesses in a way that is equitable and appropriate.
<i>Early identification of consumers experiencing payment difficulty</i>	That the national framework prescribes clear, measurable and enforceable indicators and process for early identification of both consumers at risk of, and those experiencing payment difficulty. Where consumers or their representatives self-identify as at risk of or experiencing payment difficulty, there should be a low burden of proof for consumers, and retailers should provide assistance automatically.
	That the national framework includes clear triggers geared towards the early identification of consumers experiencing payment difficulty, and that these take into account, as best as possible, those experiencing 'hidden' payment difficulty.
	That the AER take a leading role in promoting and enabling better practice with retailers, looking to existing mechanisms to encourage retailers to think and act beyond minimum requirements.
<i>Effective engagement with consumers experiencing payment difficulty</i>	That a training requirement is adopted into the national framework, which makes effective engagement a whole-of-business commitment for retailers.
	That the national framework is written in a way that is accessible and can be easily understood by a range of different consumers, and for it to include a requirement for retailers to also provide information in a way that is accessible and inclusive.
<i>Appropriate assistance for consumers experiencing payment difficulty</i>	That when a consumer is identified as at risk of or experiencing payment difficulty, retailers are required to offer all available assistance—not just a payment plan—as appropriate.
	That retailers are required to offer payment plans based only on an individual's capacity to pay, and that this takes into account the consumer's income and any other representations the consumer makes about their ability to pay.
<i>Disconnections as a last resort</i>	That the suite of protections provided under a national payment difficulty framework should work towards ensuring that consumers experiencing payment difficulty and/or vulnerability are not disconnected from their energy supply.
<i>Costs and benefits of implementation</i>	That in assessing the costs and benefits of implementation, the AER develop and adopt a weighting system that reflects the essentiality of energy, and weights the benefits to consumers on a higher scale than the cost to businesses.



Additional recommendations

Additionally, we recommend **the AER takes on an active role as a steward of better practice in the energy sector**. The protections afforded to customers through regulation are a critical part of the safety net for people experiencing financial stress, which also includes assistance delivered by government or by community sector agencies. We see two important complementary roles the Framework must play in ensuring the energy system is appropriately supporting consumers experiencing payment difficulties.

The first is to **provide evidence to jurisdictions about where government complementary measures (concessions and rebates, energy efficiency programs etc.) are delivering insufficient assistance or are inadvertently omitting certain cohorts of customers**.

The second is to **consider how the framework encourages a culture of continuous improvement among retailers**. Our submission⁹ to the AER's Draft Customer Engagement Toolkit made the following recommendations to encourage energy retailers to improve their policies and procedures:

- Securing their agreement to report vulnerability assistance in their annual reports;
- Asking retailers to come back in 12 months to share information about how and what they have done with the Toolkit, to share innovation and effective procedures, with the aim of driving improvement across the sector;
- Establishing a best practice 'sharing circle', asking each retailer to nominate a senior executive to attend, chaired by an independent organisation, like ECA;
- Following innovation overseas, have energy retailers assign a dedicated Vulnerability Champion at the senior leadership team level or equivalent, who is responsible for overseeing the delivery of commitments to improve service to vulnerable households and can ensure the business response is front of mind for senior executives and Board.

Next steps to ensure everyone retains access to energy

The adoption of a payment difficulty framework in the NEM will only go some of the way to support consumers to afford and access energy in the NEM. The payment difficulty framework does not and cannot do the work of addressing the root causes of payment difficulty. A hard truth is that some people will never be able to afford the energy they need—whether due to low-income, high energy prices, inefficient homes, or a combination of all three—and as a community of energy system influencers and decision-makers, we need solutions for supporting these consumers in the short and long term.

We recommend that the AER continues to work with government, industry and advocates towards other relevant reform. The AER should continue to engage in and support the policy discourse that was driven through its Gamechanger initiative and drive better and earlier engagement with consumers who are experiencing vulnerability. Critically, **the AER, along with government and other market bodies, must continue to consider complementary measures to deliver sustainable outcomes for all consumers**. This includes, but is not limited to:

- exploring the value of a social tariff;
- the establishment of Priority Services Register for retailers;
- help for vulnerable consumers and consumers experiencing vulnerability to make energy efficient appliance purchases, upgrades and retrofits to their homes; and

⁹ Available at: <https://energyconsumersaustralia.com.au/wp-content/uploads/submission-doc-aer-draft-customer-engagement-toolkit.pdf>



- the Gamechanger initiatives, including establishing a process and fund to support debt waivers or grants to address arrears for those to whom debt is insurmountable and who have ongoing struggles with energy affordability.
- working with jurisdictions to enable AER to collect relevant data on the experiences of consumers on prepayment meters. Our response¹⁰ to the First Nations Clean Energy Strategy consultation recommended the AER be positioned to track critical indicators of energy hardship across all households and small businesses (e.g. disconnection rates, levels of debt, etc.).

A note on small business consumers

The AER has restricted the scope of this consultation to residential consumers. We are however keenly aware that small businesses are experiencing concerning levels of financial stress. More than 1 in 3 small businesses (SME) have experienced energy hardship in the last 12 months (34%), which is more than post-covid lockdown impacts. SMEs operating within a shopping centre or embedded network are most at risk (62% experiencing energy hardship). Rising energy costs is the number one factor which has impacted businesses financial situations in the last 12 months (55% impacted by rising energy costs).¹¹

Moreover, COSBOA's recently released research Small Steps, Bright Future¹² funded through our grants program, reveals 62% of small businesses who have experienced financial hardship in relation to energy the last 12 months operate within a shopping centre or embedded network. With the growing number of embedded networks across Australia, and with more and more households and small businesses being supplied under this arrangement, we consider it timely to review the protection consumers in embedded networks receive and extend relevant protections to these cohorts of consumers where possible.

While small businesses often experience similar disadvantages to households, it is important to recognise they have less access and agency over their energy needs, they may also need longer timelines to make decisions about equipment changes and adapt to energy efficiency measures. They also have different energy needs when compared to households, and thus need to be considered as a unique consumer type.

ECA would be happy to work with the AER and other small business advocates to consider what elements of the payment difficulty framework should be appropriately extended to small businesses.

Our recommendations for adopting a payment difficulty framework in the NECF are further detailed in this submission, in which we provide feedback on the specific questions posed by the AER in the Paper.

1) Do you have feedback on the proposed approach for the review?

We commend the AER for initiating this review of payment difficulty protections in the NECF (“the review”) to consider what improvements can be made to ensure that consumers experiencing payment difficulty receive effective, tailored assistance.

¹⁰ Available at: <https://energyconsumersaustralia.com.au/wp-content/uploads/submission-doc-dcceeew-first-nations-clean-energy-strategy.pdf>

¹¹ Council of Small Business Organisations Australia, Small steps. Bright future. Supporting small businesses to net zero and beyond, 5 February 2024.

¹² [Small Step. Bright Future](#) (2024)



Consultation and collaboration

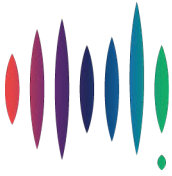
Overall, we are pleased to see the comprehensive consultation approach being taken by the AER since November 2023. In the lead up to the process of adopting a nationally consistent framework, we recommend **that the AER should continue meaningful, ongoing and collaborative consultation** in the following ways:

- By working closely with the ESC in its review of the Energy Retail Code of Practice, so NECF improvements are carried as appropriate into Victorian regulatory regime to deliver better outcomes for consumers, as well as to minimise retailer costs/regulatory burden.
- By establishing a reference group, similar to the ESC's reference group during its development of the payment difficulty framework, comprising both retailers and consumer representatives to workshop the content of the framework. This group would consult closely on elements of the payment difficulty framework.
- By conducting additional workshops and facilitating other forums in which a broader cross-section of retailers, community groups and consumer representatives can come together to give feedback into the design of the framework. These should be less frequent and more high level than the reference group, as a way of drawing on the experience of community organisations that support customers to navigate the system and get support, noting that not all of these organisations will have the resources to commit to submission processes, and engagement through a workshop might be a more efficient way for them to provide input and for the AER to receive guidance from a diversity of consumer representatives.

Indicators and success measures

Secondly, we recommend that the **indicators developed to measure the intended outcome need to be more specific and have clearer targets**. With respect to the proposed indicators, we recommend modifications as follows:

- We recommend that the indicator, “decrease in the proportion of customers in medium-term (12–24 months) and long-term (over 24 months) energy debt” be more specific. While we note that indicators are intended to be considered in combination, in effect an overall 1% decrease would successfully meet this indicator. We do not consider that this would constitute a successful outcome for a new customer protection framework. As such, we recommend that the AER adopts a more ambitious and specific measure for success. Monitoring of such indicators against the target could be published on the AER's Quarterly Retail Performance Report and Annual Retail Markets Report.
- We recommend that the indicators, “decrease in the proportion of customers disconnected within 12 months of being on a payment plan or successfully completing a hardship program” and “decrease in the proportion of customers disconnected for non-payment on more than one occasion in the previous 24 months” are more forward-looking. Instead of focusing on disconnection (which should be protected as a measure of absolute last resort through the framework), the indicators should measure the long-term sustainability of payment difficulty support as a key measure of success. Retailers should be required to report on the re-entry of consumers into payment plan or requesting support for payment difficulty after completing a payment plan. Success of the framework should be based on the long-term performance of the program, and the experiences of consumers after receiving support. In addition, more attention should be given to the number of reconnections that happen within seven days of a disconnection, as this reflects how disconnection is being used as a blunt tool to force customer engagement. **We recommend that the AER monitors this data closely, and issue notices for retailers to explain where customers are exiting**



payment plans with high debt, and where the number of disconnected customers being reconnected within seven days is high.

We also recommend that the following indicators be added:

- An indicator that recognises success in reducing the levels of debt people have. For example, “more than 50% of consumers experiencing payment difficulty do not have arrears above \$55”. This is the debt trigger under the Victorian framework, and a successful framework is one in which retailers act quickly to work with consumers and ensure that debt does not climb higher, or is reduced to a manageable level.
- An indicator that recognises the success of more people completing a payment plan without debt, for example “an increase in the proportion of customers that successfully exit a payment plan without debt in the medium-term, and stay ‘debt free’ in the long-term.” While it is welcome that some retailers may waive debt or payment match for a consumer, those customers may not also receive sufficient support or the tools they need to stay debt free in the long-term.

Costs and benefits

Thirdly, we note that the ‘criteria for assessing potential changes’ includes the “impact on retailer costs, including implementation costs and cost to serve”, and **recommend that cost and benefit criteria be weighted so that analysis adequately reflects the precedence of consumer outcomes over retailer costs.** Energy is an essential service, so retailer implementation costs should not guide whether or what support people experiencing or at risk of payment difficulty are offered. Further, we believe there are significant efficiencies and benefits for retailers in better supporting their customers who are experiencing or at risk of experiencing payment difficulty. We discuss this further in this submission in response to Question 8.

2) What can we learn from other approaches to strengthening protections for consumers experiencing payment difficulty?

There are key learnings from other jurisdictions that should feed into the design of a payment difficulty framework in the NCEF, as identified in the Paper, such as the Victorian payment difficulty framework. This is an opportunity to build on what has worked, improve shortcomings, and promote national consistency for better consumer outcomes.

The Victorian payment difficulty framework

As a baseline, **the Victorian payment difficulty framework should be adopted in the NCEF, with improvements to address shortcomings that have been identified in its nearly six-year implementation life.** As the Paper notes, there have been systemic challenges with the Victorian framework, and we agree that the key area of improvement should be making systems as simple and easy as possible for consumers experiencing or at risk of payment difficulty to access information and support, with consistency being critical.

Crucial to this improvement is a focus on accountability. Community organisations and consumer advocates have told us that the Victorian framework is robust and mostly fit-for-purpose, but a key missing element is consistent compliance and enforcement measures. For example, the Consumer Action Law Centre recently found that there have been notable increases in retailers failing to consistently provide adequate assistance, with instance of retailers not offering the Utility Relief Grant increasing to 22% of energy contacts to their financial counsellors compared to 17% in the previous



year, and inconsistent appliance of supports such as payment matching or pauses.¹³ This appears to be an unintended consequence of the framework's case-by-case approach.

Throughout this submission, we note what has worked in the Victorian framework, and what can be improved under each category outlined in the Paper. We have also included examples throughout from the UK and further afield to illustrate where improvements can be made. We agree with the Paper's assessment of innovation in other jurisdictions, and recommend the AER adopts practices from abroad that would improve upon the Victorian payment difficulty framework.

UK Priority Support Register

We continue to support the creation of a Priority Services Register (PSR) along similar lines to that managed by Ofgem in the UK.¹⁴ The UK model offers a number of benefits, not least that it enables consumers experiencing vulnerability to flag with their retailer that they may need additional assistance. Benefits of the initiative include:

- Tailored Support Services: Being on a PSR allows for more personalized and targeted support services. The UK model provides consumers with a direct line to specialist staff in the call centre, which stops people having to justify their case for support to call centre staff.
- Communication and Awareness: By registering individuals who require priority support, retailers can provide more tailored support to meet people's specific needs (e.g. interpreting services). This helps in better communication and coordination of efforts to meet those needs effectively.
- Access to Resources: Being on a PSR can grant access to resources and programs that are designed to assist vulnerable groups.
- Legal Protections: In some jurisdictions, being on a PSR may entitle individuals to certain legal protections or considerations.
- Emergency Response and Safety: Individuals on a PSR receive priority assistance during outages. For example, elderly individuals or those with medical conditions might receive quicker attention during crises.
- Peace of Mind: For individuals and their families, being on a PSR can provide peace of mind knowing that their specific needs are recognized and there are mechanisms in place to address them in times of need or crisis.

Throughout this submission, we have drawn on examples from other jurisdictions to show where improvements can be made in response to the specific questions outlined in the Paper.

3) How adequate, effective and appropriate is the current eligibility framework for payment difficulty protections?

Moving away from hardship

"Language is a strong driver in shaping markets and concepts."¹⁵ This was evident when the AER 'Consumer vulnerability strategy' changed to 'Towards energy equity'. This review should seize the opportunity to reflect on the language currently used, and how this might need to change to ensure

¹³ Consumer Action Law Centre, [Energy Assistance Report: Keeping The Lights On – How Victoria's energy policies are impacting Victorian households](#) (June 2024) p 5.

¹⁴ For more information, please see: <https://www.ofgem.gov.uk/energy-advice-households/join-your-suppliers-priority-services-register>

¹⁵ <https://research.qut.edu.au/ara-consumer-research/the-5r-guidelines-for-a-strengths-based-approach-to-co-design-with-customers-experiencing-vulnerability/>



unintended barriers to support are not being created. **We recommend that the AER ceases to use the language of hardship in any framework that is designed to provide consumers with support to manage payment difficulty, to allow for a broader definition and assessment of payment difficulty by retailers.**

The term 'hardship' (like a hardship program or policy) can create stigma that means a person might not relate to themselves in that way, or who might experience shame or embarrassment, in both cases, leading them to not seek support they may need and are entitled to. For example, speaking to consumers, Uniting recently heard that many participants were embarrassed about their situation and felt they were being judged when speaking to call centre staff, which was compounded by the use of deficits-based language.¹⁶

People experience financial difficulty or stress for a number of reasons, and payment difficulty can be temporary or entrenched. It is vital that support is provided in a way that is safe and inclusive, starting with, both in how it is prescribed in regulation (which impacts how retailers engage with it and subsequently make supports available to consumers), and how it is understood by consumers.

Reviewing the scope of protections

To the scope of who should be eligible under a payment difficulty framework, we do not agree with the Issues Paper in excluding small businesses or embedded network customers. **We recommend the definition of payment difficulty should be clear and consistent, and the scope of protections should be extended to include embedded network and small business customers.**

All residential consumers should be awarded the same consumer protections regardless of their location, circumstance or energy supply arrangements (embedded networks). Consumers living in embedded networks are just as likely as other residential consumers to experience or be at risk of payment difficulty.¹⁷ Under the AEMC's family violence rule change, the standard of care applies to both consumers in embedded networks and small businesses. This sets a precedent around eligibility for consumer protections, and suggests that there is scope to consider extending payment difficulty support beyond residential consumers.

4) How could the framework better support early identification of consumers experiencing payment difficulty?

As outlined in the Paper, there is no requirement for retailers to proactively engage customers they identify as being at risk of, or experiencing payment difficulty, and no prescription on how to identify those customers. For instance, under the Customer Hardship Policy Guideline, there is currently no requirement for proactive engagement with consumers experiencing or at risk of experiencing payment difficulty. It is at retailer discretion to set out "the steps [they] will use to identify early the customers experiencing payment difficulties due to hardship."¹⁸ The Standardised Statements in the

¹⁶ Uniting Care (supported by an ECA participatory grant), Accessing payment support from energy retailers report (2024).

¹⁷ "All local energy network customers, including those living in social housing, retirement villages and residential parks, should have access to customer protections which are equal or equivalent to those provided to on-market customers. This will go some way to ensuring all electricity consumers have equal or equivalent protections and treatment, no matter where they live or how they get their energy. This recommendation received overwhelming support from stakeholders who made submissions to the Draft Report, including energy retailers, consumer groups, city councils and embedded network operators" Victorian Government, 'Embedded Networks Review Final Recommendations Report' 2022 <https://engage.vic.gov.au/embedded-networks-review>

¹⁸ Australian Energy Regulator, AER Customer Hardship Policy Guideline Version 1, March 2019, Cl 31(a).



guideline also rely heavily on consumers and their representatives self-identifying.¹⁹ This is evidenced by research by Uniting, which found that when participants were offered a financial counsellor by their energy provider, it was usually when the consumer was in crisis and their debt “really out of control,” such that by that time many had already accessed one.²⁰

Comments from Victorian stakeholders indicate that the proactive engagement requirements in the Victorian framework are not being implemented effectively or consistently by retailers. In many cases, retailers do not reach out to customers until significant debt has accrued. There is strong evidence that early identification works to keep consumers out of debt and/or support them to manage the payment of their usage and arrears.

There is also strong evidence that shows early intervention can prevent or alleviate the stress or severity of payment difficulty. The ESC, in its *Payment difficulty framework implementation review* found that early intervention helped to improve long term outcomes and ongoing engagement with consumers.²¹

It is our view that the onus for identifying customers at risk of, or experiencing payment difficulty, falls mainly to the retailer. We recommend that the payment difficulty framework adopted by the AER prescribes **clear, measurable and enforceable indicators and process for the early identification of both consumers at risk of, and those experiencing payment difficulty**. Further, **where consumers or their representatives self-identify as at risk of or experiencing payment difficulty, there should be a low burden of proof for consumers** and retailers should provide assistance automatically. Consumers should not be asked or required to produce an unreasonable or onerous amount of evidence to prove payment difficulty, and a sensitive and appropriate conversation with a retailer’s customer service representative should suffice.

We agree that a prescribed list of ‘triggers’ should be included in a national payment difficulty framework, and support the list included in the Paper (p 30). At a minimum, key triggers we want to see included in the payment difficulty framework include:

- In line with the Victorian framework, a \$55 debt trigger—however, this should not be the only trigger relied upon, as there are other triggers that might result in consumers being identified earlier in their journey, especially where a customer is still receiving quarterly bills (rather than monthly).
- Changes in payment patterns, where a customer who generally pays on time misses a payment, pays from multiple sources, switches payment method (i.e. from direct debit to credit) or is otherwise erratic in their payment where they may not have been previously.
- The use of Buy Now Pay Later or other unsecured credit products to pay bills. Research by Consumer Action Law Centre tells found that 63% of the 84 people calling the National Debt Helpline reported having other debts including Buy Now Pay later and payday loans.²² While the use of Buy Now Pay Later in isolation might not raise a flag, when coupled with mounting arrears or any other trigger listed, it should be considered cause for proactive engagement by a retailer and a sign that someone might be experiencing payment difficulty.
- The issuance of an unusually high bill, which might put a consumer who generally receives lower bills at risk of payment difficulty.

¹⁹ Australian Energy Regulator, AER Customer Hardship Policy Guideline Version 1, March 2019, cl 89 (Standardised Statements 1 and 2).

²⁰ Uniting Care (supported by an ECA participatory grant), Accessing payment support from energy retailers report (2024).

²¹ Essential Services Commission, Payment difficulty framework implementation review, 2021.

²² Consumer Action Law Centre, Energy Assistance Report, 2nd Edition: Tracking the impact of Victorian energy reform on households, September 2021.



Retailers should have the discretion to use the systems they deem best to identify these triggers (that is, automated or human), however, to protect privacy (especially in sensitive, complex and family violence cases) and ensure consumers are treated with empathy and respect, the framework should require human review of triggers that have been activated.

Moreover, engagement and intervention must be initiated by properly trained staff, to ensure consumers receive communications that are appropriate to their circumstances. We agree with the statement in the Paper and evidence from other sectors that “automated services are better accepted when they support rather than substitute person-to-person interactions.”²³

Importantly, not all these triggers will capture those experiencing ‘hidden’ energy stress. These are the consumers that forego other essentials and make potentially harmful sacrifices (such as not adequately heating or cooling their homes) to afford their energy bills. These consumers may not be experiencing energy payment difficulty specifically, but they are experiencing payment difficulty that has knock on effects on the overall wellbeing. The payment difficulty framework should apply to these consumers, and triggers should be geared, where possible, to their identification. **We consequently recommend that further triggers should be included to support this.** For example:

- Low levels of energy usage, especially during height of summer or mid-winter, which indicate a consumer is rationing their energy to manage their bills to stay connected.
- Communication with the consumer, especially conversations between the consumer and the retailer in which the tone or consumers language/admissions might indicate they are under stress or making essential trade-offs to pay their energy bills.

These triggers should be monitored individually and also in relation to other known customer account characteristics. For instance, if the customer is on a concession or has been on a payment plan in the past, coupled with the above triggers, that would be cause for rapid, proactive action by a retailer.

There should be a list of triggers in the payment difficulty framework to ensure enforceability—for instance, where a retailer fails to recognise a trigger that should have been reasonably identified, enforcement action can be taken—however, there should also be room for retailers to innovate and go beyond the prescribed list. We recommend that the AER, like the ESC in Victoria, takes an active role in guiding “better practice”, by issuing guidelines, running workshops with retailers and stewarding the sector to go beyond the minimum standard.

Where consumers or their representatives self-identify to retailers, retailers must have systems in place to ensure the safety and appropriate treatment of those customers. This should, as a minimum, include:

- Staff training, to ensure that staff communication and responses to consumers experiencing payment difficulty are empathetic and appropriate
- The reduction of barriers to engagement for consumers, so that they are quickly referred to the right customer service team to support their needs, and are not passed around to multiple retailer staff
- As a continuation of the previous point, consumers experiencing payment difficulty do not have to repeat their multiple times to their retailer, which can cause stress and trauma. Instead, retailers should have processes in place that mitigate the need for consumers to do

²³ Australian Energy Regulator, Review of payment difficulty protections in the National Energy Consumer Framework, Issues Paper, May 2024, p 31.



this, which includes explicit informed consent from the consumer for any data collection and internal sharing

- In line with a change in terminology, there should be no “magic words” a consumer has to use to get help. A consumer should not have to use the words “hardship” or “payment difficulty” to be offered support, and if a consumer actively engages this should be enough for a retailer to let them know what supports are available
- Retailers should not be allowed to ask consumers for proof of payment difficulty
- Retailers should provide specialist communication tools for consumers, including interpreters, National Relay Service, and any other mechanisms that are required to support effective and equitable customer communication.

We note that the payment difficulty framework can't be an exhaustive guidance on customer engagement and communication. **We therefore recommend that the AER takes a leading role in promoting and enabling better practice with retailers, looking at existing mechanisms to encourage retailers to think and act beyond minimum requirements.** For example, Thriving Communities Partnership's One Stop One Story Hub.

5) How could the framework better support effective engagement with consumers experiencing payment difficulty?

Training as a requirement

Effective engagement is fostered through an ongoing commitment to training, quality assurance and improvements being purposeful in action, and leading from the top down to build a consumer centric culture. **We recommend that the AER adopts a training requirement into a national payment difficulty framework, similar to that which is included in the Essential Services Commission's Energy Retail Code of Practice family violence provisions.**²⁴ The family violence provisions require that training addresses: the nature and consequence of family violence; the application of the retailer's family violence policy; how to identify affected customers; and how to engage appropriately and effectively with affected customers. These elements are easily transferable into a financial support setting, and can provide appropriate expectations for the provision of content while remaining flexible on how this is delivered.²⁵

There is clear evidence that staff training is essential for good customer outcomes. Speaking to energy consumers, energy workers and financial counsellors, Uniting recently emphasised that call centre staff must have the appropriate training to work with customers experiencing vulnerability, as they heard across all groups about that the lack of empathy and knowledge shown by customer facing staff. For example, it was rare that a participant was notified about concessions or asked about possible eligibility by the retailer call centre staff.²⁶ Further, in a review of customer service in the water sector, the ESC found that the varying approaches to staff training across businesses was negatively impacting some customers.²⁷ Similarly, the National Australia Bank when designing their most recent Framework for Customers Experiencing Vulnerability recognises that to identify

²⁴ Essential Services Commission, Energy Retail Code of Practice clause 149(1).

²⁵ The AEMC noted in the NERR Family Violence draft determination – training should be xxx. We feel setting guidance on what retailers should be able to demonstrate while leaving the flexibility to determine the detail, design and deliver the training per the business and its customers does exactly that.

²⁶ Uniting Care (supported by an ECA participatory grant), Accessing payment support from energy retailers report (2024).

²⁷ Essential Services Commission, [Water Industry Standards Family Violence Provisions Review: Findings Paper](#) (July 2023) p 26.



customers experiencing vulnerability and be able to take appropriate action, frontline staff require clear processes, targeted training, and resources.²⁸

We note however that training should not only be a requirement for frontline staff, but should extend to any employee who engages, designs, or is responsible for how engagement occurs. That is, an effective framework needs to consider all the retailer touch points in a customer's journey where harm could potentially occur, which can only occur when all staff involved in these touchpoints have an appropriate understanding of consumers experiencing payment vulnerability or energy stress. As such, **we recommend that the AER adopt a framework that makes effective engagement a whole-of-business commitment for retailers.**

Further, the AER should consider including provisions that requires training to be:

- Informed by experts, and developed, reviewed, or co-designed with consumers and organisations that have lived experience.
- Provided in a way that is accessible, and meets web accessibility guidelines.
- Designed to promote the appropriate use of language and inclusivity.
- An ongoing requirement.

The AER should also take an active role in running practical implementation workshops and shepherding best practice. For example, we commend the ESC's partnership with key leaders in family violence and economic abuse to develop better practice guides for energy and water businesses to support consumers who are experiencing family violence.²⁹

Customer communications

Currently, the NECF Hardship Policy both informs the consumer of their entitlements, and sets out the regulatory requirements of a retailer. Because of this dual audience, the policy is not sufficiently clear in explaining to consumers what support is available to them or what they are entitled to.

We recommend that the national payment difficulty framework is written in a way that is accessible and can be easily understood by a range of different consumers. For example, the framework should be written in Plain English, and should be simple to follow. The Centre for Inclusive Design states that “inclusively designed products and services that have edge users in mind” can reach and benefit up to four times the size of the intended audience.”³⁰ Inclusive design not only supports consumers to understand their rights, but also supports retailers to better understand and comply with regulations, which increases efficiency for retailers and ultimately also ensures better outcomes for consumers.

For the same reason, we further **recommend that the national payment difficulty framework include a requirement for retailers to also provide customer information in a way that is accessible and inclusive.** This should include both the placement and form of payment difficulty information on retailers' websites, which should be easy to find, navigate, and understand. We note when speaking to culturally and linguistically diverse consumers who were living in extreme financial hardship, Uniting found that no participant had ever been offered translation services or information in

²⁸ Australian Energy Regulator, [Customer engagement toolkit draft consultation paper](#) (March 2024) p 6.

²⁹ ESC, [Safety by Design partnership to support energy and water consumers experiencing family violence](#) 16 May 2024 (accessed 20 June 2024).

³⁰ Centre for Inclusive Design, [The Benefit of Designing for Everyone](#) (May 2019) p. 1.



their preferred language. Some also felt that they had not been called back or offered sufficient support because English was not their first language.³¹

Finally, as noted, **we support the AER’s work to develop the Customer Engagement Toolkit, and recommend that the AER takes a leading role in better practice once a national payment difficulty framework is adopted.** The toolkit notes that,

“Inclusive design can ensure services are accessible and can facilitate an environment in which consumers experiencing vulnerability are better able to be identified...[and] help ensure that those who are not identified...are better able to access services and support.”³²

The AER should consider supporting retailers to undertake voluntary audits of their engagement tools and channels. This could include reviewing:

- The time-of-day retailers attempt communication. For example, for people with children, 10am may be more effective than at 3pm).
- How inclusive and accessible communications are for First Nations people and culturally linguistically diverse consumers.
- What types of communication work best for different types of customers. For example, SMS might be preferred by younger customers, compared with mail or phone calls by older customers.

6) How could the framework better ensure that consumers experiencing payment difficulty are supported appropriately with assistance that is tailored to their individual circumstances?

Our latest Energy Consumer Sentiment Survey findings indicate that a significant proportion of young and family households are not getting helpful advice and support from their retailers to help manage their bills.³³ The proportion of those same groups expecting to ask for help in the near future is much greater than the national average (as seen in Figure 1).

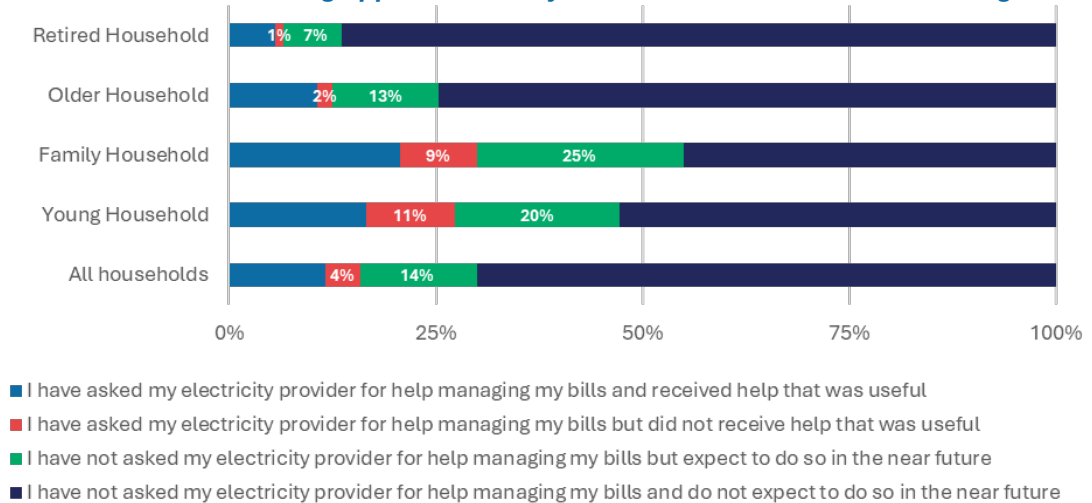
³¹ Uniting Care (supported by an ECA participatory grant), Accessing payment support from energy retailers report (2024).

³² Australian Energy Regulator, [Customer engagement toolkit draft consultation paper](#) (March 2024) p 8.

³³ ECA, [June 2024 Energy Consumer Sentiment Survey](#) (June 2024).



Figure 1 - Which of the following applies most to you since the Covid-19 outbreak began?



Source: ECA, *Energy Consumer Sentiment Survey, June 2024*.

Often these groups are not eligible for concessions or rebates, may not fit the stereotyped definition of ‘vulnerable or hardship consumer’, nor understand their rights when experiencing payment difficulty.

Uniting research further emphasises this issue, noting that financial counsellors and energy workers are seeing an increase in two-income families and couples needing hardship support for the first time, due to recent cost of living impacts.³⁴ These consumers are new to financial hardship and have a low understanding of the payment hardship regulations, often accepting the first offer from their energy retailer rather than negotiating a plan to suit their needs. They don’t know that they have the right to negotiate payment support based on their specific circumstances and ability to pay, and almost all participants in the focus group mentioned that the retailer didn’t prompt any discussions about concessions, URGs, or other benefits in their initial call to ask for support for an overdue bill.

“My energy provider was responsive, not proactive. It was only when the bill became bigger over a few months that they offered me any help when I called.” — Under 55, new to financial hardship.³⁵

We recommend two key improvements on the Victorian payment difficulty framework be adopted in the NECF. Firstly, **we recommend that when a consumer is identified as at risk of, or experiencing payment difficulty, they should be offered the full range of supports, to ensure that customers are given as much assistance as possible.** The ESC reported that,

*“When a customer initially contacts a retailer who proactively offers support such as help to receive concessions and government grants or advice on the best plan, this improves the effectiveness of the support over time.”*³⁶

Unfortunately, we have heard that retailers often default to offering a payment plan without supporting the customer to access the diversity of help that is available to them. For example, the ESC found that consumers were only offered advice about concessions on 39% of individual calls where assistance was offered.³⁷ Further, the Consumer Action Law Centre found that increasingly, callers to their

³⁴ Uniting Care (supported by an ECA participatory grant), *Accessing payment support from energy retailers report* (2024).

³⁵ Uniting Care (supported by an ECA participatory grant), *Accessing payment support by energy retailers report* (2024).

³⁶ Essential Services Commission, *Payment difficulty framework implementation review 2022: findings report* (May 2022) p 16.

³⁷ Orima (for the Essential Services Commission), *Payment Difficulty Framework: Call recordings study* (May 2022) p 20.



financial counsellors reported that their retailer did not assist them to apply for the Utility Relief Grant, provide information about or assistance with switching to better offers, or in many cases, the caller felt coerced to agree to an unaffordable payment plan to pay their arrears without additional assistance.³⁸ This was also found by Uniting, who found that call centre teams were only solving for the present issue, rather than taking a holistic approach to working with the customer around their broader needs.³⁹ Further, Consumer Action Law Centre found that vulnerable consumers were found to be disproportionately likely to experience their retailer causing barriers in them accessing hardship assistance.⁴⁰

The framework adopted in the NECF should require retailers to offer, at a minimum, the following supports to a customer experiencing or at risk of payment difficulty as soon as that customer is identified:

- A suitable payment plan tailored to the customer's individual capacity to pay (see below for more information about this).
- Information about concessions, grants, and rebates that are available to the customer, including a check to ensure all have been applied accordingly to the account, and/or support to access those entitlements.
- Information on what other retail market offers are available to the customer, and support to switch, with the customer's explicit and informed consent.
- Energy efficiency information, including support to make necessary upgrades or to access other supports and rebates that would help a consumer make their home or small business more energy efficient.
- Referral to a financial counsellor for further independent support.

Secondly, there should not be an assumption that payment difficulty is transitory, or that it will be easily overcome with the above supports. Payment difficulty can be entrenched, and even where multiple supports are offered in an appropriate and timely manner, there will be consumers who are unable to pay off their debt within timeframes set by retailers, and who will continue to carry debt or be unable to afford the cost of their energy in the longer term.

We therefore **recommend that retailers are required to offer payment plans based only on an individual's capacity to pay, and that this takes into account the consumer's income and any other representations the consumer makes about their capacity to pay.** Currently, under the Victorian framework, tailored assistance consists of "repayment of arrears over not more than two years by payments at regular intervals of up to one month."⁴¹ The Consumer Action Law Centre reports that in practice, people are often placed on unaffordable payment plans by their retailers, which are inevitably broken.⁴² For example, energy providers have regularly misinformed or coerced people with low incomes into agreeing to unaffordable payment plans, with 10% of all energy contacts recording an unaffordable payment plan, in some cases as high as \$300 per fortnight.

The two-year time limit incentivises retailers to divide a consumer's debt over the time period, which for some consumers, creates an unrealistic payment plan that they are not able to afford. The national framework should require retailers to:

³⁸ Consumer Action Law Centre, [Energy Assistance Report: Keeping The Lights On – How Victoria's energy policies are impacting Victorian households](#) (June 2024) p 21.

³⁹ Uniting Care (supported by an ECA participatory grant), [Accessing payment support from energy retailers report](#) (2024).

⁴⁰ Consumer Action Law Centre, [Energy Assistance Report: Keeping The Lights On – How Victoria's energy policies are impacting Victorian households](#) (June 2024) p 30.

⁴¹ Essential Services Commission, [Energy Retail Code of Practice clause 128\(1\)\(a\)](#).

⁴² Consumer Action Law Centre, [Energy Assistance Report: Keeping The Lights On – How Victoria's energy policies are impacting Victorian households](#) (June 2024) p 23.



- Work with the consumer to develop a payment plan that is realistic and takes into account the consumer's individual circumstances.
- Take the consumer at their word regarding capacity to pay, and not seek evidence but instead rely upon any representations made by the consumer, relating to their income, other debts, or anything else they communicate about their capacity to pay.
- Focus on long term sustainability, and support consumers to get out of debt and afford ongoing usage without imposing any arbitrary deadlines.

Further, for consumers with significant debt and/or entrenched payment difficulty, the national framework should encourage retailers to provide:

- Payment matching, so that the retailer helps to bring down a consumer's debt by matching the payments made by the consumer.
- Rather than a two-year cap on payment plans, a two-year incentive should be encouraged. For example, for consumers who make regular payments over two-years, at the end of this period they could receive a \$200 discount on their arrears.
- Debt waivers where debt is insurmountable.

Where consumers are unable to pay off a debt within a two-year period, retailers should be required to engage an independent financial counsellor to support the consumer to manage and continue paying their debt. As best practice, and especially where consumers have significant debt and complex circumstances, independent financial counsellors should be engaged early in the payment difficulty support process by retailers.

7) How could the framework better ensure that disconnection is a last resort?

The suite of protections provided under a national payment difficulty framework should work towards ensuring that consumers experiencing payment difficulty and/or vulnerability are not disconnected from their energy supply. The framework should provide adequate and appropriate support to help consumers manage debt and ongoing usage, so that retailers avoid extreme and punitive measures like disconnection.

Disconnecting people from electricity and gas denies them a reasonable standard of living and exposes people to unhealthy circumstances and extreme weather, both now and into the future. Disconnections—and threats of disconnection—are punitive measures that divert industry and government resources (money, staff and time), reduce people's ability to lead a normal life and overcome hardship, and has no impact in addressing the root causes of energy stress.

Research by Uniting indicates that while the Victorian payment difficulty framework has been effective in reducing disconnections, the threatening behaviour from some energy providers is extensive, with hardship customers receiving many calls, texts, and emails.⁴³ Threats of disconnection should not be used as a tool for engagement, especially where someone is already on a payment plan or hardship program with their retailer. Disconnecting a consumer that can't afford their energy will not make them suddenly be able to afford it—at least not without potentially making serious or dangerous sacrifices. In fact, some participants in the Uniting's research felt they had no option but to borrow money, sometimes from unregulated credit sources including Buy Now Pay Later to avoid disconnection.

⁴³ Uniting Care (supported by an ECA participatory grant), Accessing payment support from energy retailers report (2024).



The Consumer Action Law Centre has found an increase in the number of instances where disconnection occurred where the consumer was unable to pay.⁴⁴ They note that given this is an unacceptable breach of the Victorian payment difficulty framework, and continues to occur into the fifth year of the framework's establishment, there is a basis for greater regulatory intervention and stronger enforcement.

The Energy UK's Vulnerability Commitment, launched in 2020, is a voluntary agreement (signed by energy retailers that serve about 90% of British households) to continuously improve the support provided to vulnerable households.⁴⁵ It includes a commitment to,

"Never knowingly disconnect a vulnerable customer at any time of year, where the household has children under the age of 6 (or under the age of 16 during the Winter Moratorium) or where for reasons of age, health, disability, or severe financial insecurity, that customer is unable to safeguard their welfare or the personal welfare of other members of the household."⁴⁶

We recommend that a similar commitment is incorporated into the national payment difficulty framework. In practice, this could be actioned through retailers' early identification of consumers that may be experiencing vulnerability of some kind, and potentially through partnerships with community and social services. As noted in previous sections, introducing a Priority Support Register provides retailers with a clear indication of which consumers are at risk of harm through disconnection, including threats of disconnection.

There are also examples overseas where the threshold to allow disconnection is set a deliberately high level, in recognition of the essentiality of energy. In Catalonia, for instance, there is a disconnection protection program to mitigate energy poverty impacts, implemented since 2015 by the Autonomous Government of Catalonia.⁴⁷ This program prohibits the disconnection of electricity, gas, and water supply for vulnerable households as certified by local social services.

As a precautionary principle, there is a mandatory protocol of communication between energy providers and social services. In practice, if the energy provider intends to carry out a disconnection, it must request a report from the local social services to determine if the household is considered vulnerable (in the Catalonia case, at risk of residential exclusion and meeting certain thresholds of low income). If the household is identified as vulnerable, the energy provider cannot disconnect and must also apply a considerable and non-refundable discount to the household's debt.

Similarly, in Ireland, their Electricity and Gas Suppliers Handbook' states that,

"Where a supplier is made aware that a registered vulnerable customer may be at high risk due to disconnection outside the requirements set out in the Code of Practice on Vulnerable Customers and relevant legislation, alternative methods of debt recovery should be used...Where a genuine vulnerability is demonstrated a supplier is expected not to disconnect that customer."⁴⁸

⁴⁴ Consumer Action Law Centre, [Energy Assistance Report: Keeping The Lights On – How Victoria's energy policies are impacting Victorian households](#) (June 2024) p 25.

⁴⁵ For more information, please see EnergyUK's [Supporting customers: Vulnerability Commitment resources](#) (accessed 20 June 2024).

⁴⁶ EnergyUK, [The Vulnerability Commitment](#) (2024).

⁴⁷ Boletín Oficial del Estado, [Ley 24/2015, de 29 de julio, de medidas urgentes para afrontar la emergencia en el ámbito de la vivienda y la pobreza energética](#) (septiembre 2015).

⁴⁸ Commission for Regulation of Utilities, [Electricity and Gas Suppliers' Handbook 2022](#) (June 2022) clause 5.7.



A note on pre-paid metering disconnections

Unlike post pay arrangements where disconnection is a last resort, when consumers on pre-paid metering arrangements experience payment difficulty, disconnection is often immediate. As soon as the household is unable to 'top up' the pre-paid card the supply will stop (after emergency credit has been exhausted and if it falls outside of the protected hours).

We recognize that the AER's remit does not extend to all the consumers supplied through prepayment metering arrangements, but these systems are creating enormous amounts of energy insecurity for households and communities who are supplied under pre-paid meters and result in many households going without electricity frequently and for long periods of time. A study on energy insecurity during temperature extremes in remote Australia found that 91% of households experienced a disconnection from electricity during the 2018-2019 financial year, and with 74% disconnected more than ten times.⁴⁹

With disconnection data not always easily accessible, the extent and impact of this energy insecurity is often invisible from a data and monitoring perspective. As such, **we recommend that greater monitoring and reporting of disconnections data is required to fully understand the breadth and scope of disconnections as a result of payment difficulty for pre-paid meter customers.**

8) What are the costs and benefits of potential changes to the framework?

Our view is that providing appropriate support to consumers is a cost of providing an essential service. **Our recommendation is that, in assessing the costs and benefits of implementing a national framework, the AER should adopt a weighting system that reflects the essentiality of energy services.** This means that costs to retailers should be weighted as less than benefits to consumers.

We do not have the insight into retailer finances that we need to make an assessment about the impact of implementation costs versus the avoided costs of eliminating bad debt. As noted in the Paper, there are likely to be significant cost savings for retailers who are able to implement effective systems that support consumers to get out of debt and avoid debt in the first place.

This submission has outlined the significant benefits available to consumers should a payment difficulty framework be adopted in the NECF. We believe that there are also additional benefits for retailers, including increased social license to operate, customer loyalty, and overall increase in public goodwill.

This is important, as our June 2024 Energy Consumer Sentiment Survey shows that:

- Household and small business confidence that the energy market is working in their long-term interests has declined following the pricing events of 2022. While we have seen a slight uptick in the last six months, confidence in the market remains low for all households at 33%.
- Consumers trust electricity and gas companies less than supermarkets and banks, an astounding insight at a time where price gouging by supermarkets is receiving significant media attention in the wake of the ACCC's Supermarkets inquiry.
- Consumers under financial pressure are also less likely to say they feel confident in their ability to make choices about energy products and services (51% compared to 75% for the financially comfortable) or feel they have the information they need (43% compared to 65% for the financially comfortable).⁵⁰

⁴⁹ T. Longden et al, [Energy insecurity during temperature extremes in remote Australia](#) (2022).

⁵⁰ Energy Consumers Australia, [Energy Consumer Sentiment Survey June 2024](#) (June 2024).



There is a significant opportunity for the energy retail sector to not only better support consumers but begin the work on shifting the dial on relationships with consumers and industry through better protections and supports for those experiencing payment difficulty. This is also a significant opportunity for the regulator to build community trust in its role in holding businesses to account for their practices on behalf of the community.

To ensure efficiency for retailers and consistency for consumers, the national framework should adopt the Victorian framework, and build on it. This means that retailers will not have to “reinvent the wheel” in implementation, and will be able to scale systems they already have in place from operating in Victoria. Further, the AER should work closely with the ESC on its Energy Retail Code of Practice review to ensure, to the best extent possible, that all improvements to the framework are adopted in both jurisdictions, again, with an eye to streamlining implementation for retailers and providing certainty and consistency to consumers.

We thank the AER for the opportunity to provide feedback and make ourselves available for discussion and collaboration throughout the review process. For any questions or comments about the submission, please contact Kat George at [REDACTED].

Yours sincerely,

Kerry Connors
Director, Energy Inclusion