

21 June 2024

Review of payment difficulty protections in the NECF
Issues Paper Consultation
Australian Energy Regulator
ConsumerPolicy@aer.gov.au

Dear Sir/Madam

**AER Review of payment difficulty protections in the National Energy Customer Framework (NECF):
Submission by SA Power Networks (SAPN)**

As South Australia's regulated energy distributor, serving 1.7 million South Australians, SAPN plays a critical role in the well-being of our community and is acutely aware of the need to support its vulnerable members. In partnership with our Vulnerable Customer Advisory Group (VCAG), SAPN has developed and is implementing its *Vulnerable Customer Strategy (VCS)* and continues to collaborate on SA based initiatives to improve outcomes of those experiencing vulnerability.

In line with SAPN's strategic outcome of "*delivering a safe, affordable and reliable service for all*", the organisation is formally adopting a corporate strategic performance measure of "energy affordability". By adopting this established AER and Ofgem measure, we are demonstrating our commitment to engendering trust with our customers and the community as a key aspect of our long-term strategy.

SAPN believes all customers deserve affordable and equitable energy supply and is committed to advocating and supporting improvements that provide safeguards for most at risk customers. SAPN welcomes the opportunity to provide feedback on issues identified in the *AER's Review of payment difficulty protections*. This submission responds specifically to question seven as outlined in the *Issues Paper, May 2024*.

1. NECF Payment Difficulty Framework

SAPN strongly supports the AER's objective of strengthening protections for consumers facing payment difficulty and was the basis for our previous 2022 submission for the *AER Draft Consumer Vulnerability Strategy*.

SAPN acknowledges that the NECF Payment Difficulty Framework could be an effective way to enhance protections for vulnerable customers and is pleased the AER is seeking feedback for their review. We support the AER working closely with retailers on the opportunities, costs and benefits associated with potential framework improvements and ensure better protections for customers.

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

Improved engagement in the disconnection process

SAPN's ability to directly assist people is greatly enhanced when we partner with other organisations such as retailers, who are the ones who initiate disconnections and who have more direct and frequent contact with people in vulnerable situations.

Trials spanning 2018 – 2022 with three major energy retailers included providing Pre-Disconnection Welfare Field Visits to customers who were considered to be on the pathway towards disconnection. This effort to increase engagement with the customer, usually a week prior to disconnection, resulted in more than 50% of disconnection for non-payment service orders being cancelled, because the customer made contact with the retailer.

Following these successful trials, SAPN joined as a collaborator in the Energy Charter’s Knock to Stay Connected Customer (K2SC) Code. As noted in the AER’s consultation paper, this collaborative and industry-led initiative has had great success, focusing on engagement with the customer through an in-person visit prior to a disconnection for non-payment. In 2023, through SAPN delivered ‘knocks’ to customers prior to disconnection, an average of 56% of these disconnection service orders were then cancelled – meaning these customers engaged with their retailer and remained connected. A further 30% beyond this engaged with their retailer, which SAPN classifies also as success. These statistics show that providing face-to-face visits to customers and providing them with appropriate customer-centred support information, increases engagement with their retailer and ultimately more customers stay connected.

SAPN has collaborated with organisations South Australian Council of Social Services (SACOSS), South Australian Financial Counsellors Australia (SAFCA), our internal consultative group VCAG, to redesign the Customer Code Leave Behind Information Sheet for K2SC customer visits. This update has taken a customer centric approach and focuses on simplified, easy language and improved accessibility. The re-designed information sheet is co-branded and is now being used for all K2SC visits.

SAPN supports a standardised approach for all retailers with the inclusion of agreed ‘best practice’ outcomes for customers. SAPN strongly supports the AER exploring options for improved engagement between energy businesses and consumers at risk of disconnection. More specifically, we believe that these types of initiatives should be *driven* by retailers, with distributors playing a *support* role, potentially as a remunerated service to retailers. It is understood that some jurisdictions are now including this service as part of their regulatory proposals to the AER.

SAPN would be pleased to support this proposed action by sharing information associated with our trials, as well as participating in any associated consultations. Throughout our 2025-2030 Regulatory Proposal engagement, stakeholder feedback showed overwhelming support for the implementation of a continued program is SA. SAPN has decided to continue offering K2SC as business-as-usual practice based on this customer support and clear customer benefits, including for remote disconnections. SAPN is giving retailers the option to have a face-to-face visit prior to remote disconnection, however not all retailers have indicated they will utilise this service.

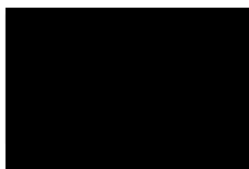
With smart meters specifically discussed above, it is also important that the AER notes the associated increased risk for vulnerable consumers regarding remote disconnection. As this technology continues to be deployed at scale, it becomes increasingly important for retailers to comply with non-payment obligations and take a far more active role in such pre-disconnection initiatives as those noted above. We are concerned that as remote disconnections increase, retailers may not engage with the K2SC program before completing remote disconnections. Any benefits gained through successful K2SC state-based programs would be eroded and disconnections for non-payment numbers would again increase.

SAPN also has concerns relating to how retailers will implement remote disconnections and reconnections, in absence of appropriate operational structures in place to support a 24-hour service. In instances of disconnection errors, retailers will be unable to resolve disconnection issues after hours, and customers may be left with no power and without the ability to rectify this situation with their retailer until business hours resume. Without appropriate supports and safeguards within the framework, customers particularly those who are experiencing vulnerability, will be at higher risk of disconnections and without ability to reconnect.

It is recommended that the AER consider the information provided regarding the successful Knock to Stay Connected program, the positive benefits for customers experiencing vulnerability, and the outlined opportunities for improvement.

We value the opportunity to make a submission to the *AER's Review of payment difficulty protections in the NCEF* and are encouraged by the AER's strong focus on social policy to underpin its regulatory work. Should you wish to discuss this submission, please contact SAPN's Program Manager – Energy Charter, Rebecca Carter at [REDACTED] or on [REDACTED].

Yours sincerely



Jessica Morris
Chief Customer and Strategy Officer