

Consultation summary

Workshop 1 – Energy businesses

- **What:** Workshop entitled *Disconnection as a last resort: Improving engagement with energy consumers experiencing payment difficulty to reduce the risk of debt and disconnection*.
- **When:** Wednesday, 19 June 2024, 10:00 am – 11:30 am AEST.
- **Where:** Online (Microsoft Teams).
- **Who:** 18 representatives and frontline staff from energy businesses (including retailers and third-party providers), 3 facilitators from the Australian Energy Regulator (AER), presenters from the Energy Charter and Thriving Communities Australia, and observers from the AER and Essential Services Commission of Victoria.
- **How:** Guided discussion facilitated and scribed by staff from the AER.
- **Why:** The purpose of the workshop was to gain practical insights into engagement practices that reduce the risk of debt and disconnection for energy consumers, from the perspective of people with direct experience engaging with consumers experiencing payment difficulty.

Background

- This session was part of consultation for the AER's [Review of payment difficulty protections in the National Energy Customer Framework](#), which aims to strengthen protections for consumers experiencing payment difficulty by ensuring they are proactively identified, engaged early and supported appropriately with assistance that is tailored to their individual circumstances.
- This consultation summary reflects the views of stakeholders which were shared with the AER during the session. The summary was prepared by the AER based on feedback recorded on annotated slides during the session.
- We acknowledge the contributions of Thriving Communities Australia and the Energy Charter, who set the scene for discussion by presenting case studies on innovative and effective approaches to improving engagement with energy consumers experiencing payment difficulty.

Case study 1: Thriving Communities Australia [One Stop One Story Hub](#)

This platform is a digital cross-referral system that enables frontline staff in corporate, government and community organisations to connect and refer their clients to a range of supports through a single, secure access point. It helps customers get help faster and reduces the trauma experienced by both customers and frontline staff. Data shows that up to 90% of referrals received by organisations using the One Stop One Story Hub were from people who haven't reached out for help before.

Case study 2: The Energy Charter [Knock to Stay Connected Customer Code](#)

This initiative aims to keep customers connected to energy by arranging for customers at risk of disconnection to receive a knock on the door (or, if there is no reply, a consumer-friendly letter drop) to let them know that assistance is available. National trials show that up to 80% of disconnections can be avoided through this human-centred approach.

Discussion 1 – What works well when engaging with customers experiencing payment difficulty

Discussion questions

- What are the top three things that have worked well over the last year in relation to how energy businesses engage with customers experiencing payment difficulty? *Think about when the engagement happens (for example, at what point in the payment difficulty journey), how the customer is engaged (for example, what channel or format are they reached through), what the content of the engagement is (for example, what information is provided and how it is presented), and who is engaging with the customer (for example, who sends the information or talks to the customer).*
- Over the next year, which one of these things would you want to keep the same about how energy businesses engage with customers who are experiencing payment difficulty?

What the AER heard from energy businesses

- Increasing awareness of the assistance available and stronger relationships between stakeholders are leading to more trust and engagement from consumers. Having teams allocated to customers also supports trust by enabling continuity and relationship-building. Building trust between retailers and customers is still the biggest opportunity to improve things.
- The type of conversation had with customers matters. It is important for staff to engage in a way that is flexible and responsive, rather than following a prescriptive approach. It is more effective when staff are trained to engage in customer-specific conversations that allow people to tell their story in their way and are focused on helping people pay what they can afford, rather than telling them what they owe or need to pay.
- It works well when businesses have tools and systems to identify consumers experiencing payment difficulty, without the need for customers to identify themselves. This includes using available data to identify when customers might be experiencing payment difficulty, ensuring all frontline staff are trained to identify hardship and payment difficulty (not just specific staff), and using platforms like the One Stop One Story Hub to receive referrals from other sectors.
- Minimum entitlements can be helpful because they remove the need to identify specific customers or decide who is eligible, which enables consistency and constant messaging of what assistance is available. For example, it has been particularly useful that customers automatically qualify for energy bill relief programs. Other forms of assistance that are useful are those that help reduce energy costs (such as energy efficiency schemes) and the hardship program delivered by the ACT Civil and Administrative Tribunal (ACAT).¹

¹ The ACAT hardship assistance program was included as a case study in the AER's [Game Changer Design Report](#) (p. 30). The program is aimed at those who have unsuccessfully attempted to reach an arrangement with their utility provider(s) and for whom disconnection or restriction of supply would cause substantial hardship. Assistance can include ordering the utility to maintain supply to the customer and waiving some or all of the customer's debt (with ACAT contributing to the cost of the debt). Arrangements usually require the customer to make regular payments. See <https://www.acat.act.gov.au/case-types/energy-and-water-cases>.

- Early engagement is key and can help customers avoid energy debt. Early engagement is effective when it is used as an opportunity to talk about all the tools and support available, rather than just talking about the debt. Retailers find that customers tend to engage more frequently in the early stages of the collection cycle. This is followed by a drop in engagement in the middle part of the collection cycle, and then an increase in engagement when disconnection becomes a risk.
- Providing customers with options is important, so that no matter who you are you can choose to engage in the way you're comfortable with. This includes providing different language and accessibility options. It is also critical to use multiple channels to communicate and engage with customers, including phone calls, SMS, Knock to Stay Connected visits, digital platforms and self-service options. For example, SMS allows for two-way conversations that are easy for customers, and self-service options are often preferred by customers over phone calls. However, it's important to use phone calls and not just rely on digital channels early in the payment difficulty journey, while in-person visits later in the journey let the customer know there is assistance available. Different consumers also have different preferences, with younger consumers tending to prefer to communicate digitally while older consumers tend to prefer to talk over the phone. Retailers are still learning about how preferences differ across consumer groups, but agree there is no one-size-fits-all approach – you need to have different approaches for different customers at different times.
- Consumer research and behavioural insights can be valuable tools for understanding and improving engagement. For example, there appear to be differences in the effectiveness of notices in driving engagement from customers in the lead-up to disconnection, depending on the contents and language used. Behavioural insights can help improve communications, such as SMS messages, by testing tailored types of messages and the timing of when they should be delivered.

Key issues prioritised by workshop participants

- Being flexible and responsive
- Engaging early
- Using all tools and channels available

Discussion 2 – What does not work well when engaging with customers experiencing payment difficulty

Discussion questions

- What are the top three issues you face when it comes to how energy businesses engage with customers experiencing payment difficulty? *Think about when the engagement happens (for example, at what point in the payment difficulty journey), how the customer is engaged (for example, what channel or format are they reached through), what the content of the engagement is (for example, what information is provided and how it is presented), and who is engaging with the customer (for example, who sends the information or talks to the customer).*
- Over the next year, which one of these things would you want to change about how energy businesses engage with customers who are experiencing payment difficulty?

What the AER heard from energy businesses

- It is important not to assume what the barriers and issues are, without recognising the complexities of the real world and lived experience.
- Regulation can get in the way of good consumer outcomes, which should be the priority. There are too many regulatory ‘tick boxes’ for energy businesses to follow to ensure they are compliant, which is impacting the ability of frontline staff to provide the human-to-human interaction that actually helps customers. For example, requiring a constant back and forth between the retailer and the customer can lead to poor engagement and lack of progress. Removing ‘tick box barriers’ would improve trust between the retailer and the consumer. Regulation also needs to catch up to technology – for example, the National Energy Retail Rules still refer to ‘facsimile’ as a channel to communicate with customers.
- It is difficult for energy businesses to keep up with the rate of regulatory change across jurisdictions, which has an impact on retailers’ cost to serve. The energy sector must also think about both the current cost of living crisis and customers who might get left behind in the long-term energy transition.
- The ability of customers to reduce their energy costs will continue to be a key factor in the effectiveness of assistance through the energy transition. However, some customers have limited ability to reduce their energy costs, as they do not have access to consumer energy resources or different tariffs. As such, there is an interaction between tariff design and affordability. There are also some customers who just can’t afford to pay. It is important to recognise the role of both the customer and the retailer in managing energy affordability.
- Communication with customers (including energy bills and tariffs) must be simple, easy to understand, consumer-centric and engaging. It should consider customers’ lived experiences and provide them with information that supports agency and action. Retailers should not rely only on phone calls but also use apps, SMS and other channels to help people understand their energy usage and costs. For example, in New Zealand consumers are given in-home devices to track energy usage, which could be valuable for some customers (such as culturally and linguistically diverse consumers).
- Dealing with scams is a major challenge for retailers, who must try to engage and communicate with customers in a way that they know the messages are legitimate.

- The structure and people within an organisation play an important role. Energy businesses need the right people making decisions and working with customers. Staff must be appropriately trained so that they understand the challenges that customers are facing. In-person training, as opposed to online training to 'tick the box', can assist with developing this understanding. It is also important that the managers of frontline staff understand the challenges of engaging with consumers experiencing payment difficulty and hardship, and can provide their staff with appropriate support.

Key issues prioritised by workshop participants

- Gaining consumer trust in an environment with increasing scams
- Balancing priorities across the current cost of living crisis and the long-term energy transition
- Keeping communication, bills and tariffs simple and easy for customers
- Regulating for assumed barriers and issues without recognising complexities of the real world

Discussion 3 – What are some ideas for action to drive change?

Discussion questions

- We've pulled out some key themes based on what has been discussed and prioritised so far. What are some actions that can be taken to drive change on these issues?

Key themes based on prior discussions

1. Trust and scams
2. Consumer-centric engagement

What the AER heard from energy businesses

Ideas for theme 1: Trust and scams

- The challenge with scams and fraud is significant. Building trust between retailers and customers is critical, but people are increasingly suspicious of communications, including genuine attempts from retailers to contact their customers through different channels. One bad experience with a scam (whether related to their energy retailer or not) can make consumers suspicious about all engagement moving forward.
- It is important to have educational processes tailored for different demographics to help consumers deal with the ever-changing digital environment. In-person engagement (for example, at Bring Your Bill Days) can also help build trust and engage customers who are suspicious.
- Moving towards more authenticated environments can increase customer safety (and potentially engagement). However, this adds extra friction and complexity at the same time that the sector is trying to remove barriers and increase accessibility.
- Knowledge sharing and ongoing discussions are crucial to help industry prepare and respond effectively to scams, which are impacting energy retailers across a range of contexts. Multiple stakeholders are working towards the same goal, with different pieces of information. The sector should come together and solve the problem as one through a collaborative and consistent approach that also draws on insights from other sectors, including banking and telecommunications. We also need to respond in a way that can adapt over time, recognising that the scams we know about today will be different tomorrow.

Ideas for theme 2: Consumer-centric engagement

- Customer support needs to be triaged or phased to avoid situations where the customer is overloaded with information. Information needs to be delivered in stages, with the most important information coming first and other information coming after. The focus should be on the end-to-end process rather than individual interactions, so that frontline staff can make the most of each touchpoint with a customer.
- Removing 'tick box' regulatory barriers could improve the trust between retailers and their customers by enabling agents to have more time to focus on human conversations. A working group with retailers, consumer groups and regulators to talk about the framework retailers are working within could be helpful.