

Consultation summary

Workshop 2 – Consumer organisations

- **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, 12:30 pm – 1:30 pm AEST.
- **Where:** Online (Microsoft Teams).
- **Who:** 21 representatives and frontline staff from consumer advocacy and community support organisations, 3 facilitators from the Australian Energy Regulator (AER), presenters from the Energy Charter and Thriving Communities Australia, and observers from the AER, Essential Services Commission of Victoria and Energy Consumers Australia.
- **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 consumer advocacy and community support organisations

- Disconnection and disconnection warnings can drive engagement but are also very confronting for customers and suggest that earlier communication from their retailer wasn't effective. Knocking before disconnection can be effective, provided it is done in an empathetic way.
- The One Stop One Story Hub is effective in activating follow-up conversations from other providers after a conversation with one provider.
- In general, engagement is most successful when it:
 - is done in a way that makes the customer feel like they are talking to a person, with conversations framed to build trust and reassure the customer that the retailer will work with them (rather than focusing on threatening customers with disconnection)
 - uses different methods of communication to reach different customers (for example, SMS communication can be valuable for reaching younger consumers, whereas numerous calls from an unknown number are not likely to be useful)
 - provides information about options for assistance as early as possible (rather than waiting for debt to reach high levels) and upfront (rather than waiting for customers to say what they need)
 - uses language that is simple, strengths-based and explains the system when needed, so customers feel like they're participating in a conversation rather than being told what to do
 - is predictable across conversations and retailers, so that customers know if they call up and ask for support they will get the same response.
- It is critical to make sure concessions and rebates are applied as soon as a customer starts missing payments.
- Making payment plans affordable is key for avoiding disconnection.
- Setting up bill smoothing early can be effective for reducing anxiety and providing customers with a feeling of control over their energy debt.
- Customers experiencing payment difficulty and hardship should be paying the lowest cost possible. It's especially important for retailers to check whether a customer is on the best deal now that time-of-use tariffs are becoming more common.

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 consumer advocacy and community support organisations

- Many customers are unaware of their protections and what assistance is available, especially if they are experiencing hardship or financial stress for the first time.
- It is important to recognise how difficult it can be for customers experiencing payment difficulty to contact their retailer. Retailers should be more proactive when identifying and supporting customers in payment difficulty, should acknowledge the effort made by customers who do reach out, and should maximise those engagement opportunities – for example, by rewarding customers who reach out with positive incentives (such as matched payments), by providing comprehensive assistance upfront (rather than in a piecemeal way), and by asking every customer who calls whether they're eligible for a concession.
- Retailers do not always give customers the benefit of the doubt when assessing payment difficulty and hardship. It is not the retailer's place to judge if customers are struggling to pay their energy bills or not – they should believe what people say, and the customer should not have to provide proof.
- It's also important to be led by the customer (and their financial counsellor, if applicable) in setting up a payment plan or providing energy efficiency advice. Capacity to pay conversations are critical, but don't always happen or happen in an appropriate way. Retailers should not assume they know how much a customer can afford to pay without having a conversation about it. Similarly, they should not ask customers to make choices about energy usage based solely on efficiency, without regard for the consumer's health and wellbeing.
- It is not always clear how the amount that must be paid to prevent disconnection has been calculated, and this amount is not always feasible (for example, asking for 50–100% of a debt that is in the thousands). There should be a wider range for minimum payments to prevent disconnection, and a limit on the amount that must be paid to be reconnected.
- Frontline staff are not adequately trained to work with customers and communicate with them in a non-judgemental way about what has happened, why it has happened and what will happen next. There needs to be more training and awareness among staff about vulnerability and the lived experience of consumers, supported by a more consumer-centric culture among retailers. Having more diverse staff with a range of lived experiences would also help improve identification and support non-judgemental conversations with consumers.

- There is a general lack of understanding among retailers' frontline staff about what their obligations are, especially for Utility Relief Grant applications.¹ When and how concessions, rebates and energy hardship funds are applied is critical to realising their benefits for consumers – often the potential benefits of assistance are lessened the more it is delayed, so early intervention is key. However, relief that used to be an intervention tool is now treated by retailers as a debt reduction tool.
- It is important for retailers to think about the use of digital channels for engaging with their customers. This can be especially important for younger consumers or customers who can't or don't want to call due to anxiety or trust barriers. An effective online environment can break down these barriers. However, the online environment needs to be more accessible and effective in supporting a wider range of customers. For example, it can be difficult for customers to view and translate bill information in retailer apps. It is also important to recognise that digital solutions are not always appropriate for older Australians.
- Careful consideration of language and presentation is necessary. For example, red text on bills can induce fear in some consumers.
- Trust in retailers is a key issue. People often don't trust their retailer either because of something that has been said or done previously, or because a retailer has not done what they said they would do. Predictability and consistency across the sector are needed.

Key issues prioritised by workshop participants

- Ensuring customers are aware of and receiving any government concessions they're entitled to
- Clarifying the actions that customers must take to prevent disconnection, including how any minimum repayments are calculated
- Limiting barriers to reconnection

¹ The Utility Relief Grant is a government rebate available to eligible consumers in Victoria, providing a maximum of \$650 for each utility type (gas and electricity) in a two-year period or \$1,300 for households with a single source of energy (see <https://services.dffh.vic.gov.au/utility-relief-grant-scheme>). In some circumstances, Victorian customers are entitled to practical assistance from their retailer to apply for a Utility Relief Grant, including assistance with completing and lodging the online or paper application form ([Energy Retail Code of Practice, Version 3, cl 146](#)).

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. Consistency, predictability and trust
2. Consumer awareness
3. Content and language
4. Staff training and expertise

What the AER heard from consumer advocacy and community support organisations

Ideas for theme 1: Consistency, predictability and trust

- Retailers must first deliver on their current obligations more consistently.
- Retailers need to think differently about how they're engaging with customers, with a greater focus on the long-term relationship.

Ideas for theme 2: Consumer awareness

- Awareness of available assistance could be improved through more widespread communication (for example, advertising) and by clarifying the requirements to access debt relief.
- There should be less onus on consumers. Retailers are the ones making a profit, so the onus should be on them to be proactive in providing support. Other ideas to reduce the onus on consumers include bulk debt negotiation and automatic application of concessions.
- Rather than marginalising customers for using specific forms of credit (such as Buy Now Pay Later), retailers should help customers understand the long-term impacts of credit use.

Ideas for theme 3: Content and language

- Retailers need to recognise that there is a limit to how much people can pay for their energy bills (especially for customers on fixed income support), and avoid judgemental language.
- Retailers should better understand their customers' needs and behaviours to engage with them in a tailored way.
- Retailers should use plain language at all times, and provide concrete and tailored examples (for example, charging a device versus boiling a kettle) when communicating with customers about their energy usage behaviors.

Ideas for theme 4: Staff training and expertise

- High-quality training (including empathy training) must be provided to all frontline staff. It needs to be provided by an independent and external practitioner who understands the nuances of vulnerability and payment difficulty, such as a provider connected to a community organisation.
- Staff should be provided with early intervention indicators and frameworks to follow.