

Updated November 2020

# Statement of Expectations of energy businesses: Protecting customers and the market during COVID-19

The COVID-19 pandemic continues to have a significant impact on the Australian community and our stakeholders. Many people have been affected by dramatic changes to their lives, businesses, income and working arrangements, and those of their friends, families and communities. The pandemic continues to influence energy use and the ability of customers (including small businesses eligible for the JobKeeper payment) to pay their bills.

Customers who can pay should continue to do so. This is vital for the viability of the sector so that it can continue to provide the support for customers who need it.

We recognise that many retailers are providing additional assistance to customers who are in financial stress and encouraging them to get that help. This needs to continue. Retailers should consider the method of contact and communication that is most likely to result in an arrangement that accounts for a customer's capacity to pay and maintains an ongoing relationship between the retailer and customer. This includes:

- Listening to customers, who are best placed to know their own circumstances and capacity to pay.
- Listening to financial counsellors and other representatives that customers have chosen to act on their behalf (noting that customers are not required to engage financial counselling services in order to access retailer supports).
- Recognising that a positive experience is more likely to encourage ongoing engagement.
- Taking steps to proactively identify customers who may be in financial distress.

At the same time, customers should contact their retailer as soon as they have concerns they might have trouble paying their bills. Customers who put their hand up for help should receive the benefit of retailer support and should not be disconnected. There are important steps we expect energy businesses (and relevant agents and representatives) to action from 1 November for the continued support of their customers.

The AER will monitor the pandemic response and customer experiences during this period. A key factor in determining the AER's future approach to managing the impacts of the COVID-19 pandemic will be the extent to which customers are in sustainable arrangements that limit the accumulation of energy debt, where possible.

For the purposes of the Statement, retailers includes exempt sellers.

## Our expectations

1. Offer all residential and small business customers who indicate they may be in financial stress a payment plan or hardship arrangement. These payment plans or arrangements may include agreeing a period in which no payment will be made.

1a. Work with customers who may be in financial stress to make payment plans and hardship arrangements sustainable by taking into account their capacity to pay, and ensuring customers are on the tariff most likely to minimise their energy cost. Retailers must consider actions that will minimise customers' debt such as re-calculating debt obligations using a lower cost plan if available. Customers should be moved to another plan only with their explicit informed consent.

2. Before 31 March 2021 (and potentially beyond), do not disconnect – other than at their request –

- (a) any residential customer who may be in financial stress who:
    - (i) is in contact with you in relation to their debt; or
    - (ii) is accessing any retailer support, and
  - (b) any small business customer who continues to adhere to a payment plan or other agreed payment arrangement.
3. Before 31 March 2021 (and potentially beyond), do not disconnect – other than at their request – a body corporate or other large business customer who is on-selling energy to residential and small business customers, who may be in financial stress and who:
- (a) is in contact with you in relation to their debt; or
  - (b) is accessing any retailer support.
4. In the event a customer has not made or responded to any contact and has been disconnected for non-engagement, the retailer must process an order for reconnection immediately on contact from the customer and the retailer must waive disconnection, reconnection and contract break fees.
5. Defer referrals to debt collection agencies for recovery actions or credit default listing until at least 31 March 2021, and potentially beyond for:
- (a) a retailer’s residential customer or former customer who may be in financial stress who:
    - (i) is in contact with you in relation to their debt; or
    - (ii) is accessing any retailer support, and
  - (b) a retailer’s small business customer who continues to adhere to a payment plan or other agreed payment arrangement.
6. Be prepared to modify existing payment plans if a customer’s changed circumstances make this necessary.
7. Networks and retailers should waive disconnection, reconnection and/or contract break fees for small businesses that have ceased operation, along with daily supply charges to retailers, during any period of disconnection until at least 31 March 2021.
8. Prioritise the safety of customers who require life support equipment and continue to meet responsibilities to new life support customers.
9. Prioritise clear, up-to-date communications with customers about the issues addressed in this Statement, including by keeping website, social media and call centre waiting and hold messages up to date, particularly those about the availability of retailer and other supports such as payment plans, energy efficiency advice and fault repair.
10. Minimise the frequency and duration of planned outages for critical works, and provide as much notice as possible to assist households and businesses to manage during any outage.

## Compliance

Our compliance focus is ensuring customers receive the support they need and protections to which they are entitled. We are continuing to closely monitor compliance with provisions of the National Energy Retail

Law, National Energy Retail Rules and exemption guidelines that protect customers facing payment difficulties.

We are also continuing to closely monitor customer outcomes, and the extent to which our expectations as set out in this Statement are met, including through our performance reporting framework and our ongoing engagement with energy Ombudsman schemes.

Contact us at an early stage if current conditions create compliance difficulties. We are continuing to work with all market participants to address concerns and will, where appropriate, consider a more flexible approach to ensure market participants can continue to operate in the long-term interests of end users.

## **Our priorities**

As we recognised in our March Statement of Expectations, there is a need to focus on new and emerging issues of critical importance to the energy industry and to residential and small business customers who are facing a range of difficulties. For the foreseeable future, we will therefore continue to prioritise:

- Ensuring retailers proactively meet the needs of customers – both residential and SMEs – in vulnerable circumstances, particularly where this can minimise debt and hardship, and ensure that all households and small businesses can access the energy they need.
- Protecting customers who may be unable to safeguard their own interests, including customers requiring life support equipment or who are experiencing financial difficulty.
- Actions needed to ensure the safety and reliability of energy supply.
- Being responsive to the rapidly evolving pandemic situation, and preparing for our recovery, including engagement with market participants on specific concerns and new and emerging issues.

We are continuing to work, along with other market bodies, to review the timing of current and upcoming regulatory initiatives and approaches we all have underway and how these might need to continue to change so energy businesses can focus on their business and support their customers.

## **Stay updated**

We encourage you to stay informed about important AER developments by:

- Subscribing to [AER updates](#) and media releases, and
- Following us on LinkedIn and Twitter

If you have an enquiry, please contact us:

- Call us on 1300 585 165 or
- Email us at [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)