



Position paper

# **AER Retail Market Performance Reporting**

November 2010

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## Shortened forms

ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
business customer	Has the meaning given in section 2 of the National Energy Retail Law. (A customer who is not a residential customer. <i>See also residential customer.</i> )
Customer Framework	The National Energy Customer Framework, including the National Energy Retail Law and National Energy Retail Rules
DPI	Delivery Point Identifier (gas)
GJ	Gigajoule ( <i>See also TJ – Terajoule.</i> )
GSL	Guaranteed Service Level
large customer	Has the meaning given in section 2 of the National Energy Retail Law (A business customer who consumes 100 MWh or more of electricity or 1 TJ or more of gas per annum. <i>See also business customer.</i> )
MIRN	Meter Installation Reference Number (gas)
MWh	Mega-watt hour
NMI	National Metering Identifier (electricity)
PPM	Prepayment meter
residential customer	Has the meaning given in section 2 of the National Energy Retail Law (A customer who purchases energy principally for personal, household or domestic use at premises.)
Retail Law	National Energy Retail Law
Retail Regulations	National Energy Retail Regulations
Retail Rules	National Energy Retail Rules
SACOSS	South Australian Council of Social Services
small business customer	Has the meaning given in section 5 of the National Energy Retail Law. (A business customer who consumes less than 100MWh of electricity or 1 TJ of gas per annum. <i>See also business customer.</i> )
small customer	Has the meaning given in section 5 of the National Energy Retail Law. (A customer who is a residential customer, or who is a business customer who consumes less than 100MWh of electricity or 1 TJ of gas per annum. <i>See also residential customer, business customer.</i> )
small market offer customer	Has the meaning given in section 5 of the National Energy Retail Law. (A small business customer who consumes 40-100MWh of electricity or 0.4-1TJ of gas per year. <i>See also small business customer.</i> )
TJ	Terajoule. (A terajoule is equal to 1,000 gigajoules.)

# 1 Introduction

The Australian Energy Regulator (AER) is an independent statutory authority that is administratively part of the Australian Competition and Consumer Commission (ACCC). It monitors the wholesale electricity and gas markets and is responsible for compliance with and enforcement of the National Electricity Law and Rules and the National Gas Law and Rules. It also regulates electricity networks in the National Electricity Market (NEM) and gas pipelines in jurisdictions other than Western Australia.

The Ministerial Council on Energy (MCE) has developed a National Energy Customer Framework (Customer Framework) for electricity and gas distribution and retail regulation. The new Customer Framework is set out in the National Energy Retail Law (Retail Law), National Energy Retail Rules (Retail Rules) and National Energy Retail Regulations (Retail Regulations).<sup>1</sup> The AER will have a wide range of functions under the Customer Framework including the administration of a performance reporting regime.<sup>2</sup>

The AER will report on the performance of regulated entities—primarily energy retailers and distributors<sup>3</sup>—under the Retail Law and Rules.<sup>4</sup> This function will be underpinned by performance procedures and guidelines developed in consultation with stakeholders. The AER will have information gathering powers under the Retail Law to support its role.

On 28 June 2010 we published an issues paper on possible approaches to our new retail performance functions. This position paper has been developed in response to submissions received on that issues paper and further discussion at a stakeholder forum on 4 August 2010.

This position paper also includes updated proposals on the AER's hardship program indicators. Development of these indicators was initiated in a separate consultation Issues Paper published in April 2010. Stakeholder forums were held on 28 May and 8 September 2010. Further separate meetings were held in October with energy retailers and consumer groups and energy ombudsman schemes to discuss the development of the indicators.

The hardship program indicators will form part of the AER's retail market performance reports. At this stage of consultation it is therefore appropriate to combine our consultation on the hardship program indicators with the consultation on retailer and market performance more generally as we move towards the development of draft AER performance procedures and guidelines.

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<sup>1</sup> Information on the development of the National Energy Customer Framework, including the National Energy Retail Law and Rules, can be found on the MCE's website at <http://www.ret.gov.au/Documents/mce/emr/rpwg/default.html>.

<sup>2</sup> It is currently understood that the AER may not undertake this role in Western Australia, the retail electricity market in the Northern Territory and some retail gas markets.

<sup>3</sup> s. 2 of the National Energy Retail Law defines 'regulated entity' as a retailer, distributor or other person identified in the National Energy Retail Rules as a regulated entity.

<sup>4</sup> s. 284, National Energy Retail Law.

## **Common issues raised in consultation**

In addition to well-attended stakeholder forums and meetings, we received 20 written submissions in response to our performance reporting issues paper and 23 submissions in response to the hardship program indicators issues paper. The issues stakeholders have raised in relation to particular aspects of our approach are considered in detail in the relevant sections of this paper. By way of introduction we think it useful to comment on the following common points raised in consultation.

### **Purpose of individual performance indicators**

Retailers in particular sought greater clarity around the purpose and the intent of collecting individual indicators. In particular they emphasised the importance of distinguishing between indicators of retailer performance and indicators more generally designed to examine the operation of the retail market and the Customer Framework.

There are four broad areas on which the indicators focus:

- measuring retailer performance
- measuring the effectiveness of the Customer Framework
- measuring how the market is evolving over time, and
- provision of contextual information to inform our consideration of other indicators.

The distinction between these four categories of indicator is not always black and white and certain indicators cover multiple areas in varying degrees. In presenting our proposed indicators in this report, we have set out our purpose in collecting the relevant information. We have also discussed the manner in which the information will be presented in our retail market performance reports.

### **Interpretation of data**

Submissions cautioned against the use of purely quantitative indicators of performance, and emphasised the importance of collecting and considering qualitative information to provide context to any data collected or reported.

Quantitative measures provide a useful basis for comparison over time, and will play a key role in the AER's performance reporting regime. However, we recognise that their value is limited without consideration of surrounding circumstances. The importance of understanding the data provided in response to quantitative indicators is explicitly recognised in the Retail Rules, which require us to provide sufficient detail in our retail market activities review to explain the key factors relevant to the level of and trends in the performance of regulated entities.<sup>5</sup> We will ensure that our performance reporting procedures and guidelines allow regulated entities to provide commentary on the data provided and we will be conscious of the need to explain trends and patterns in our reporting.

### **What is the appropriate level of detail for reporting within jurisdictions?**

Submissions from consumer groups suggested that the AER should measure performance by reference to geographic regions within jurisdictions, and not just at a

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<sup>5</sup> r. 167(2), National Energy Retail Rules

jurisdictional level. Suggestions included reporting by reference to postcode districts or distribution zones.

Our approach to reporting on retail market structure—set out in section 2.1 of this report—proposes the use of market data obtained from AEMO to explore patterns or trends in market activity by reference to regions within jurisdictions. For example, we may look at the number of retailers active in rural areas as distinct from metropolitan or urban areas. We also consider the possibility of focussed studies of energy affordability by reference to regional differences in section 2.2. Where concerns arise we may consider targeted reviews of performance to determine whether there is unjustifiable disparity between the levels of service observed in different parts of a jurisdiction. However, at this time we do not propose to require regulated entities to report on indicators at this level.

### **Frequency of reporting**

Stakeholders had different views on how often the AER should collect data from regulated entities, and how often we should publish retail market performance reports. Consumer groups generally supported quarterly reporting on most aspects of the report, with a monthly breakdown of some data. Retailers generally preferred annual reporting on indicators.

Our decision as to the required frequencies of data collection and publication for each indicator have been made on a case-by-case basis. Where short-term trends in performance are likely to be informative, indicators will be subject to quarterly reporting requirements, and information about those indicators will be published on a quarterly basis. Other, longer-term indicators will be considered on an annual basis with no requirement for interim reporting.

### **Transitional arrangements**

Retailers raised uncertainty around the application of the AER's performance reporting requirements during the period of transition to the Customer Framework, noting the potential for duplication of reporting requirements under existing state and territory-based regimes and the time required for operational and system adjustments.

Subject to transitional arrangements determined by individual state and territory governments our intention is that the national reporting requirements will apply from the point at which the Customer Framework commences in each jurisdiction. We will work closely with regulated entities and state/territory regulators in the lead-up to commencement of the Customer Framework and in the early stages of its introduction to develop appropriate and workable solutions to any operational issues that arise.

## **Structure of this paper**

The rest of this paper is structured as follows:

- Section 2 sets out our proposed approach to the retail market overview
- Section 3 discusses our approach to the retail market activities report
- Section 4 sets out our updated proposals for the hardship program indicators
- Section 5 sets out our position on distributor performance indicators
- Appendix A provides an explanation of the proposed indicators and the data that will be required for each

- Appendix B provides a list of written submissions received in response to the AER's issues paper on retail market performance reporting
- Appendix C provides a list of those submissions received to the hardship program indicators issues paper. Copies of the submissions received to both of these papers can be found on the AER's website ([www.aer.gov.au](http://www.aer.gov.au)).

## Call for submissions

The AER invites comments on the positions presented in this paper. Responses to this consultation will inform the AER in its approach to performance reporting under the Customer Framework and the development of procedures and guidelines.

Submissions can be sent electronically to: [AERInquiry@ aer.gov.au](mailto:AERInquiry@ aer.gov.au), or by mail to:

General Manager, Markets Branch  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001

The closing date for submissions is **24 December 2010**.

The AER prefers that all submissions be publicly available to facilitate an informed and transparent consultative process. Submissions will therefore be treated as public documents unless otherwise requested, and will be placed on the AER's website ([www.aer.gov.au](http://www.aer.gov.au)). Parties wishing to submit confidential information are asked to:

- clearly identify the information that is subject of the confidentiality claim
- provide a non-confidential version of the submission for publication, in addition to the confidential one.

The AER does not generally accept blanket claims for confidentiality over the entirety of the information provided and such claims should not be made unless all information is truly regarded as confidential. The identified information should genuinely be of a confidential nature and not otherwise publicly available.

In addition to this, parties must identify the specific documents or relevant parts of those documents which contain confidential information. The AER does not accept documents or parts of documents which are redacted or 'blacked out'.

For further information regarding the AER's use and disclosure of information provided to it, please refer to the *ACCC–AER information policy: the collection, use and disclosure of information* on the AER website under 'Publications'.

## Stakeholder forum

A stakeholder forum will be held on **26 November** in **Melbourne**, and by video-conference to other capital cities. Registration for the forum is essential as space is limited.

To register, please send an email to [AERInquiry@ aer.gov.au](mailto:AERInquiry@ aer.gov.au) by **Friday 19 November 2010**, indicating the city in which you will attend. The subject of the email should state "Registration for Performance Reporting forum - attention Lynley Jorgensen". Stakeholders are asked to nominate no more than one participant each.



## 2 Retail market overview

The Retail Rules require the AER's retail market performance reports to provide a retail market overview, including:

- a statement of the number of retailers and the number of active retailers selling energy to customers
- an indication of the number of customers for each retailer
- an indication of the total number of customers with standard retail contracts and market retail contracts respectively, and the number by reference to each retailer
- an indication of the number of customers who have transferred from one retailer to another
- a report on energy affordability for small customers.<sup>6</sup>

The overview must provide information by reference to:

- participating jurisdictions
- different categories of customers as determined by the AER, including (but not limited to) small customers and large customers, and residential customers and small business customers.<sup>7</sup>

The first four of the above indicators are closely related in terms of the information we need to collect from various sources. The submissions we have received on those indicators also highlight this interrelationship. For that reason, they are considered together so we can adopt a holistic approach to these elements of the retail market overview.<sup>8</sup>

The first four indicators are considered in section 2.1 below, titled *Retail Market Structure*. Energy affordability will be discussed separately in section 2.2.

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<sup>6</sup> r. 166(1), National Energy Retail Rules

<sup>7</sup> r. 166(3), National Energy Retail Rules

<sup>8</sup> We intend to adopt a similar grouping approach in the actual performance reports when they are published.

## **2.1 Retail market structure**

Our retail market overview will include a discussion of retail market structure that covers the first four indicators mentioned above.

### **2.1.1 AER issues paper**

In the issues paper we proposed different approaches to collecting and reporting information on retail market structure. Each indicator requires a different level of detail. At the highest level, we proposed to include a summary of the number of authorised retailers and any new authorisations issued within the relevant reporting period by reference to the register that will be maintained by the AER. We then proposed to isolate those retailers who were actively selling, or seeking to sell, energy to customers in the relevant reporting period, and the jurisdictions and customer categories (residential, small business and large) in which they were active.

More detailed indicators were proposed in relation to retail market share. We proposed to collect and report information on the number of customers held by each retailer, by reference to jurisdiction and customer category, and whether customers were on standard or market retail contracts. Finally, we proposed to collect and report on customer transfers between retailers, and explored the options of reporting at small and large customer levels using AEMO data, or collecting detail for residential and small business customer categories from retailers.

We sought stakeholders views on these proposals, and on the appropriate frequency (quarterly, six-monthly or annually) at which to collect the required data from retailers and publish it in our performance reports.

### **2.1.2 Issues raised through consultation**

The issues raised in submissions on these elements of the retail market overview are summarised below. Our consideration of these submissions and our proposed approach to the suggestions and recommendations made is explained in the discussion that follows in section 2.1.3 of this paper.

#### **When should a retailer be considered active?**

In the issues paper, we proposed to define an active retailer as an authorised retailer that is currently supplying energy services to customers (whether or not the retailer is seeking new customers), as well as any retailers who are actively marketing but do not yet have any customers.

Most of the submissions received from retailers, consumer groups and jurisdictional energy ombudsman (including EWOV, EWON and EOQ) either supported or agreed with our proposed definition of an active retailer. However, Australian Power and Gas recommended that the definition of an active retailer be further defined, suggesting that the appropriate consideration is whether an authorised retailer has commenced supplying energy to customers and continues to seek to acquire new customers. Under this definition, a retailer who is marketing but does not yet have customers would not be active, and a retailer who has customers but is not taking any new customers would not be active. This proposed amendment was put forward to address the risk of customer confusion if a retailer was identified by the AER as being active, but was in fact not open to contracting with new customers.

The ERAA acknowledged that it can be difficult to define what constitutes an active retailer and considered the AER's definition reasonable in theory. However, it

observed that not all marketing activity will be restricted to specially defined areas, and that defining a retailer as being active in a particular area on this basis is more difficult than it would otherwise seem. It suggested that a requirement for retailers to report when they change the nature of their activity (e.g. by marketing to customers in a new jurisdiction) should be sufficient for these purposes.

**How should the number of customers and the distribution of standard and market retail contracts be counted?**

The majority of retailers expressed a strong preference for customer numbers to be counted by reference to registered metering points (NMI/ DPI/ MIRN<sup>9</sup>) rather than customer contracts. Origin and the ERAA noted that this has been the industry approach taken to date and that any change will mean costs to all retailers, and will require clear definitions. If retailers are to report on customer numbers, then a point in time approach was considered the most feasible.

The ERAA acknowledged that information about market share is useful in understanding concentrations in the market, but recommended that customer numbers be aggregated to reflect the possibly commercially sensitive nature of the information. Individual retailers also pointed to the commercial sensitivity of this data.

EnergyAustralia questioned the value of the requirement in the Retail Rules to report on standard and market contract customer numbers, which it argues does not reflect on retailers' performance and is more likely to be reflective of customers' preferences at a point in time. AGL also argued that using this metric as an indication of whether the benefits of competition in the market are extending to the most vulnerable customers is a weak proposition.

**What sources of customer transfer data are most appropriate?**

A number of retailers argued that they do not see a significant level of benefit in reporting on the number of customer transfers within a particular customer category. Others saw value in identifying the number of customer transfers within the residential and small business market due to greater volatility in these categories. There was general consensus that transfer numbers in the large customer segment were not particularly valuable.

The ERAA, Origin, AGL and ActewAGL supported the proposal that the retail market overview include the total number of small customer transfers recorded by AEMO's market system each month, and that this information should be collected and reported on a quarterly basis. Australian Power and Gas suggested that the number of potential coincidental transfers is such a minute percentage of the total number of market transfers that this should not preclude the use of market data from AEMO. CUAC noted the limitations of using transfer data from AEMO, but given the lack of alternatives considered it could be used to inform this section of the retail market overview.

EnergyAustralia acknowledged the reservations expressed in the issues paper that AEMO transfers data is not totally reliable as a barometer of market activity, but cautioned against attempts to extrapolate or reconcile AEMO's data against data supplied by retailers. Ergon Energy argued that the use of transaction data held by

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<sup>9</sup> National Metering Identifier (electricity), Delivery Point Identifier (gas), Meter Installation Reference Number (gas)

AEMO is likely to overstate the number of customer transfers, and suggested that changes in the number of customers on standard and market contracts over time are a more accurate measure of market activity.

### **What is the appropriate level of detail for these indicators?**

Submissions accepted the requirement in the Retail Rules that the indicators to be presented in the retail market overview be considered by reference to each participating jurisdiction. Similarly, while potential difficulties in isolating transfer data for small business and residential customers were identified, there was general consensus that the focus of the retail market overview should be on small customer categories and that large customers could largely be excluded.

However, consumer groups in particular suggested that the AER collect and report on these indicators in more detail.

UnitingCare suggested a more detailed geographic breakdown of the number of active retailers, so that reports would identify the number of retailers active in the capital city, regional and rural areas within each jurisdiction. Others, including QCOSS, TASCOS and SACOSS suggested that this and other indicators be examined by postcode.

QCOSS supported reference to the following customer categories in the consideration of indicators in the retail market overview:

- number of customers—residential and small business customers
- number of customers with standard and market retail contracts—residential, small market offer and small business customers
- number of customer transfers—small customers, preferably with residential and small customers reported separately.

It went on to propose that the number of customers with standard and market retail contracts be considered for specific subsets of customers, including residential customers receiving concessions and customers using pre-payment meters (PPMs).

### **2.1.3 AER response**

Both in written submissions and at the stakeholder forum held on 4 August, stakeholders emphasised the importance of weighing the costs of recording and providing information to the AER—and the implications of those costs for customers—against the benefits to be gained from the inclusion of that data in performance reports. For the purposes of the retail market structure component of the AER’s retail market overview, our preference is to develop a single data set that will inform as much of the discussion that stakeholders have requested as possible, and one that can be collected as simply and cost-effectively as possible.

The approach outlined in this section aims to achieve that goal in three key ways:

- Where the AER will already have the data necessary to discuss an indicator, or can obtain that data from a public source, it will do so
- Wherever possible, we will use data available from AEMO to inform our discussion of an indicator in lieu of reporting requirements imposed directly on retailers

- Where information must be collected from retailers, we will aim to develop reporting requirements that will serve multiple purposes and avoid any internal duplication.

All of the information discussed in this section of the retail market overview will be collected and presented separately for electricity and gas, and for each participating jurisdiction. Wherever practical, we will also seek to distinguish between each of the four customer categories identified in the Retail Law (residential, small business, small market offer, and large customers). Our approaches to the isolation of individual customer categories vary to some extent within each indicator. The reasons for this are explained in the discussion that follows.

#### **Number of authorised retailers and active retailers**

The first piece of information we will need for the discussion of retail market structure is the total number of retailers in the market. Authorisations will be national, and will not be specific to jurisdictions or customer categories. The number of authorised retailers will be known to the AER, as the authorising agency, and a public record of this information will be maintained on our website. No further information will need to be gathered from retailers for this purpose.

However, the Retail Rules also require the AER to provide an indication of the number of retailers that are:

- active in each jurisdiction, and
- actively selling energy to different customer categories.

The register of authorisations will not provide this information, and we will need to collect it separately for this purpose.

In our issues paper, we proposed to identify a retailer as active in a particular jurisdiction and customer category if:

- it currently has customers in that category in that jurisdiction, or
- it was marketing to, but had not yet acquired such customers.

We propose to change this definition, so that it only identifies a retailer as active in a particular jurisdiction or customer category if the retailer currently has customers in that category in that jurisdiction.

We do not propose to include retailers that are currently marketing, but have not yet acquired customers for several reasons. First, we consider it unlikely that significant periods of time will pass between a retailer beginning marketing activity and acquiring customers, so that the issue is unlikely to be significant. Secondly, we consider that information from retailers on where they are marketing or intending to market is commercially sensitive so that we are unlikely to publish it.

The AER maintains the view that it is appropriate for the purposes of a retail market performance report to consider any retailer that is currently selling energy to customers in a particular category or jurisdiction to be active. This approach is logical in the context of the Customer Framework, which attaches obligations to retailers' relationships with their customers and requires monitoring of performance in the management of those obligations. The fact that a particular retailer has customers, and the category and number of customers it has in each jurisdiction, will already be apparent from the discussion of customer numbers that will appear in our performance reports. To manage the risk of miscommunication we will ensure that our discussion

of retail market structure identifies such retailers only as having or not having customers in the relevant reporting period. Our discussion of this indicator will provide a clear statement that no inference can be drawn as to a retailer's willingness to accept new customers (unless it is the financially responsible or local area retailer).

A number of stakeholders observed that the fact that a retailer is actively selling energy to customers in one part of a state or territory does not mean that it will be open to approaches from customers in all parts of that jurisdiction. For example—subject to obligations applying to financially responsible or local area retailers—a retailer may make a commercial decision to target customers in metropolitan or urban areas but not those in rural areas.

AEMO does have data that provides a detailed breakdown of customer numbers for each retailer by post-code, which could be aggregated into broader zones (e.g. metropolitan versus rural) or distribution zones.<sup>10</sup> If the AER considers that the data shows trends that indicate a lack of active retailers in certain areas, it will consider reporting on this by way of a qualitative description, but it will not do so as a matter of course.

### **Customer numbers and the distribution of standard and market retail contracts**

The Retail Rules require our retail market overview to include an indication of the number of customers held by each retailer, including the number of those customers who are on standard versus market retail contracts. This information must be provided for each participating jurisdiction, and is to be broken down into customer categories.

Retailers' preference to count customers by reference to registered metering points (NMI/MIRN/DPI) is clear, and was not the subject of particular objection from other stakeholders. However, we are not aware of any means by which this data could be used to identify the number of customers on standard versus market retail contracts. Were we to adopt this approach to reporting customer numbers, we would still need to collect from retailers the number of customers they have on standard retail contracts, and the number on market retail contracts.

For each participating jurisdiction, we propose to require retailers to submit the number of customers they had on standard retail contracts and the number of customers they had on market retail contracts on the last day of each quarterly reporting period. Customer numbers will be required for each jurisdiction and for each of the four customer categories defined in the Retail Law. This level of granularity will serve the following purposes:

- Provision of quarterly data will allow for more detailed inferences to be drawn about changes in retailer activity and customer behaviour over time. It will also be an important factor when assessing materiality in performance measures and compliance outcomes more generally
- Provision of customer numbers by reference to all four customer categories will reduce the potential for distortion of data by recognising the different offers available to each category. In jurisdictions where there is full retail contestability, all residential customers can be expected to have access to both standard and market retail contracts. The same assumption might apply to small business customers, but under the Customer Framework small market offer customers

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<sup>10</sup> Postcode districts and distribution zones are not directly aligned, so estimates would be required.

(those consuming 40-100MWh of electricity or 0.4-1TJ of gas per year) will not necessarily have access to standard retail contracts. Consideration of small business customers in total may therefore tell us little about the number of customers choosing one type of contract over another. Large customers are unlikely to be offered standard retail contracts, and we do not anticipate distinction in this category.

At this time we do not intend to require further disaggregation of customer numbers within a state or territory. We will be able to monitor movements in small customer numbers by reference to the AEMO data referred to above (which will provide an indication of small customer numbers by retailer in each postcode within a state or territory). Due to the commercial sensitivity of the AEMO data, it will not be reported. However, the AER may consider reporting aggregated data in relation to rural, metropolitan or other similar categories if the data demonstrates that there are significant differences of potential interest to stakeholders.

In our issues paper we raised the potential commercial sensitivity of data on retail market share more generally. Both the ERAA and individual retailers noted their concerns that this sensitivity be recognised in the AER's approach to publishing reports on market share. We therefore propose that the information provided on customer numbers in the retail market overview will be aggregated for retailers holding less than 10 per cent of the total number of customers in the relevant category and jurisdiction.

We are conscious that the nature of obligations (or indeed permissions) to offer standard and retail market contracts may vary from jurisdiction to jurisdiction. Where a retailer does not have customers in a particular jurisdiction or customer category, or on a particular contract type, this will be reported as a 'nil' response. Where there is a regulatory constraint on a retailer's activity in areas of the retail market (e.g. Ergon Energy's inability to offer market retail contracts) this will be explained to ensure that the information presented in our reports is not misinterpreted because of this.

QCOSS, in a submission supported by PIAC and SACOSS, proposed additional layers of detail to the AER's consideration of customer numbers and the distribution of standard and retail market contracts. In particular, it sought information on the number of concession and PPM customers on standard versus market retail contracts.

Government funded energy concessions are typically made available to all energy customers subject to consistently applied criteria, and are not specific to the type of contract a customer chooses. Beyond consideration of the suitability of a particular contract for a customer experiencing payment difficulties, we do not see any particular incentives for retailers to limit the range of contracts available to a customer on the basis of their eligibility for a concession. On that basis we do not consider that a distinction of this nature is likely to be informative. We will, however, be collecting information on the number of customers recorded by retailers as eligible to receive energy concessions for the purpose of our retail market activities review. This is discussed further in section 3.6 of this paper.

The availability of PPMs varies across jurisdictions. However, in those jurisdictions in which PPMs are offered to customers, their use under a standard retail contract is either prohibited or subject to tailored regulatory constraints. For that reason a distinction between standard and market retail contracts in this context is also unlikely to be informative.

QCOSS also recommended the collection of the number of customers supplied by exempt sellers rather than authorised retailers. The AER performance reporting procedures and guidelines are binding only on regulated entities. Exempt sellers are not recognised as regulated entities under the Customer Framework, and are not captured by the AER performance reporting regime. However, information on the nature and scope of exemptions and a list of registered exempt sellers will be available for public scrutiny on the AER's website.

### **Customer transfers between retailers**

In our issues paper we proposed to obtain data on the number of customers transferring between retailers from AEMO. While this data is not a precise measure, it is generally accepted as a suitable indicator. Our intention is therefore to collect the number of completed small customer transfers in each month, by jurisdiction. We do not propose to collect equivalent data for large customers, and consider the observation of changes in large customer market share to be an adequate basis for any consideration of customer transfers in that sector of the market.

AEMO's small customer data will not distinguish between residential and small business customers, or between regions within a state or territory. While stakeholder opinion on the usefulness of this distinction varied, we maintain the view that some consideration of customer behaviour in each of these categories is useful in considering the structure of the retail market, and the operation of the Customer Framework, over time. We do not propose to collect data from retailers specifically for this purpose. However, we will consider which movements in retailer customer numbers in each of the four categories in the Retail Law might be driving trends in transfer numbers. In a similar way, the information we obtain from AEMO on the number of retailers with small customers in each postcode may allow us to hypothesise as to differences in transfer behaviour across regions within a particular jurisdiction.

We are aware that there are limitations to the conclusions that can be drawn about customer behaviour on the basis of transfers between retailers and movement in market share. In presenting this information in the retail market overview our primary focus will be the accurate presentation of the data provided and explaining its limitations. Where hypotheses are raised or conclusions offered, they will be provided in context with appropriate caveats, and accompanied by an explanation of underlying assumptions.

### **Frequency of the AER's reports on retail market structure**

While our intention to publish quarterly reports on the indicators discussed above was broadly supported by EWON and by consumer groups, submissions from retailers and distributors have questioned this proposal. The value of quarterly reports was considered limited for various reasons, including an expectation of limited variation in these indicators from quarter to quarter and a view that even when broken down such information was best considered in the context of a complete year's review. Retailers argued that the costs they would incur (and be forced to pass on to customers) under a quarterly reporting regime were likely to outweigh the potential benefits.

The balance of costs and benefits in the development of a reporting regime is a critical one, and one that we have been careful to consider in maintaining our proposal, in this paper, to collect the information required to inform our discussion of retail market structure on a quarterly basis. In doing so we have drawn on market data that we can



obtain from AEMO to the extent possible, and developed a single but highly versatile set of data requirements for the remaining information that we must acquire from retailers themselves. Our intention in doing so is to minimise the costs of compliance with the AER's performance reporting procedures and guidelines without compromising the flow of timely and accurate information.

In this next stage of consultation, and in preparing and finalising the AER performance reporting procedures and guidelines, we will work closely with stakeholders to examine the practical and operational implications of our proposals to understand the nature of the costs that have been raised as an impediment to this approach.

#### **2.1.4 AER updated proposal**

For the reasons outlined in the discussion above, our proposal is to publish quarterly updates on retail market structure, and a consolidated annual report at the conclusion of each financial year. Each update and report will include a discussion of the core indicators established in the Retail Rules:

- the number of authorised retailers, and the number of active retailers who currently have residential, small business, small market offer and large customers in each participating jurisdiction
- an indication of the total number of customers in each category held by each retailer in each jurisdiction, with an aggregated figure for retailers holding less than 10 per cent of customers of a particular type
- an indication of the number of those customers on standard versus market retail contracts
- an indication of the number of small customers who have transferred between retailers in the relevant quarter, and of the extent to which that number is driven by residential or small business customers.

To the extent possible, we will inform this discussion with data already held by the AER, or data that can be reliably obtained across all jurisdictions from AEMO. In particular, the AER may supplement the above statistics with more geographically focussed analysis (e.g. metropolitan versus rural) if particular trends are clear based on the AEMO data.

The remaining information we require will be collected from retailers at the end of each quarter, by reference to the last day of that quarter. Each retailer will be required to report the following information:

- The number of residential, small business, small market offer and large customers on *standard retail contracts* on the last day of the quarter in each participating jurisdiction
- The number of residential, small business, small market offer and large customers on *market retail contracts* on the last day of the quarter in each participating jurisdiction.

Data will be required separately for electricity and gas customers. Where a customer is supplied both gas and electricity under a single contract, that customer will be reported as a gas customer *and* as an electricity customer.

## **2.2 Energy Affordability**

The retail market overview will include a section on energy affordability and the energy charges paid by small customers.<sup>11</sup> Like the other topics in the retail market overview, the energy affordability report is not intended to comment on the performance of retailers.

The retail market activities review will also contain some material of relevance to energy affordability. For example, it will look at retailers' performance in assisting customers with payment difficulties. The AER will also report on the performance of retailers' hardship programs in relation to the hardship program indicators. These performance measures are discussed separately in sections 3 and 4 of this paper.

### **2.2.1 AER Issues Paper**

In our issues paper we considered which factors were relevant to the discussion of energy affordability. We discussed possible approaches to the relationship between energy charges, energy consumption and customers' income using existing data sources such as the Australian Bureau of Statistics (ABS). We also suggested using targeted case studies to provide more detailed insight into the experience of particular customer groups.

### **2.2.2 Responses to the issues paper**

Responses to the issues paper provided useful guidance to the AER on the energy affordability component of the retail market performance report. Suggestions made by stakeholders are summarised below.

#### **Scope and frequency of the report**

There was a general consensus that the report should assess energy affordability for residential customers, in particular low-income residential customers. Some consumer groups suggested regional level reporting may be appropriate to identify locational differences within a jurisdiction. SACOSS suggested postcode level reporting would help identify relationships between postcode and the number of customers in financial difficulty, which may allow for better targeting of assistance measures.

While there were suggestions to include commentary on energy affordability for small business customers (those consuming less than 100MWh of electricity or 1TJ of gas in a year) there was no consensus. QCOSS (in a submission supported by PIAC and SACOSS), CUAC and EWON supported the inclusion of a broad assessment of energy affordability for small business customers. EWON also suggested that small market offer customers (those consuming 40-100MWh of electricity or 0.4-1TJ of gas per year) be isolated for this purpose. UnitingCare suggested that small business customers be disaggregated to include rural production as a separate category because rural production customers can be difficult to distinguish from residential customers. In contrast, Ergon suggested that reporting on energy affordability for business customers is likely to be of limited benefit given the range of business types and the differences in the underlying characteristics of small businesses. AGL considered that energy is simply one of the many costs of doing business and no different to any other

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<sup>11</sup> r. 166(1)(e) National Energy Retail Rules

business input, and saw no reason to include small business customers in the energy affordability report.

Most stakeholders supported the publication of an annual energy affordability report, noting the infrequency of changes in many of the factors that drive energy affordability and the potential complexity of the report. UnitingCare suggested that quarterly bulletins on priority data such as prices and some measure of energy stress (e.g. an energy affordability benchmark) would be useful.

#### **Factors relevant to assessing energy affordability**

While stakeholders agreed energy affordability was a function of customers' ability to pay for energy services they recognised that energy affordability was driven by a range of factors other than prices, consumption and income. Factors such as: capacity to reduce energy consumption; fuel type; household size; government energy concessions, grants and subsidies; and access to energy efficiency programs, energy efficient appliances and energy advice were identified as relevant in a number of submissions.

QCOSS (again supported by PIAC and SACOSS) suggested that the energy affordability report should measure the availability and level of energy grants and concessions, energy debt levels, and customer (non-energy) debt levels more generally. EWOV also supported reporting of energy debt and customer debt levels. EWON recommended commentary on energy affordability by reference to hardship program indicators. Retailers suggested that the AER consider the effect of other creditors on how energy bills are paid when assessing the level of energy debt. Origin suggested we talk to financial counsellors to find out how customers prioritise their bills.

The ERAA and a number of individual retailers commented that indicators on retailer performance in managing affordability issues such as debt levels would not provide an indication of affordability in isolation. APG observed that non-payment of an energy bill does not equate to an issue with energy affordability. Rather, there may be inadequate total income to cover all customer requirements which is an indication of a greater (general) affordability issue that is the social responsibility of the government of the day. APG also suggested that customers who can pay their energy bills but do not should be removed from any statistical analysis on debt.

In making these comments, retailers cautioned that an assessment of external drivers of energy affordability would be beyond the role of the AER as an energy regulator, and for this reason suggested that the AER engage or work with an external body (e.g. the Australian Institute for Health and Welfare, the Institute for Social Welfare or the ABS) to produce any report of this nature.

#### **How should the AER measure energy charges paid by customers?**

There was general support for estimating the annual energy charges paid by customers based on a review of offers available in the market. Consumer groups also suggested that the affordability report should provide information on the amount paid per unit of consumption. Retailers were strongly opposed to any measurement of energy charges by reference to sales revenue and considered this information to be commercially sensitive.

Stakeholders generally supported including a representative sample of standard and market offers in order to estimate annual energy charges. AGL suggested that

standard and market offers be considered separately to avoid confusion given that certain products, such as green offerings, attract a premium which the customer chooses to pay. Ergon considered that the AER should use standing offers only.

Retailers noted the information that would be available to the AER through its retail pricing information guideline and development of a price comparator, and encouraged the AER to make use of this and other information reported by retailers in order to avoid duplication and additional requirements placed on retailers.

EWON suggested that the AER apply indicative offers to a range of consumption profiles—for example, high, medium and low use residential energy customers in each jurisdiction. A number of consumer groups supported this proposal. QCOSS (endorsed by PIAC and SACOSS) went on to suggest that the AER base consumption profiles on a range of factors including income, energy source and dominant appliance use (air conditioning electricity load in summer and space heating in winter). QCOSS's submission also recommended that the AER consider combined electricity and gas charges to provide an insight into energy affordability as a whole. UnitingCare suggested that the AER's consumption profiles look at standard household types (e.g. a couple with no children, a sole supporting parent) and referenced the Henderson Poverty Lines as a useful structure for customer profiling.

AGL questioned the feasibility of identifying a typical customer and suggested that the most efficient solution may be to use the customer consumption benchmarks developed under the national energy bill benchmarking provisions, so there will be a degree of consistency between the information provided on customers' bills and in the energy affordability report. EWON also considered use of the national energy bill benchmarks appropriate.

Several consumer groups suggested that the energy affordability report include a breakdown of the contribution of various cost components (including generation/production, transmission, distribution, retail cost and retail margin) to the charges paid by customers. TRUenergy recommended that report also provide information on the contribution of government policies such as interval meter rollouts, energy efficiency targets and renewable energy targets to energy charges.

### **Ability to pay**

While some retailers suggested that it was beyond the role of the AER, there was general support for measuring the energy charges paid by customers against income.

There was general consensus that the report should focus on low income customers. Consumer groups suggested that the AER should consider energy charges paid by customers against the three lowest income deciles published by the ABS.<sup>12</sup> AGL

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<sup>12</sup> All households in the population are ranked in ascending order according to equivalised disposable household income. They are then divided into 10 equal groups known as deciles, each comprising 10 per cent of the estimated population. Decile one represents the households in the bottom 10 per cent of the population based on equivalised disposable income, decile two represents those households in the bottom 10 to 20 per cent and so on (ABS Information Paper: Survey of Income and Housing, User Guide, Australia, 2007-08). Income deciles can be calculated by the ABS from the Survey of Income and Housing that it undertakes every two years. The results from the latest survey were published in the ABS Household Income and Income Distribution, Australia, 2007-08.

supported measuring the proportion of income spent on energy by reference to income quintiles published by the ABS.

There was also broad support for the proposal to compare changes in energy prices relative to the change in the price of other goods and services by reference to the Consumer Price Index (CPI).<sup>13</sup> Consumer groups recommended such analysis focus on the change in the price of energy relative to other essential goods and services considered in the CPI, and in particular housing, transport, food and water, rather than the CPI as a whole.

EWON and other stakeholders recognised that customers' ability to pay for energy is a complex area and recommended that the AER engage with poverty study practitioners, such as the Australian Council of Social Services (ACOSS), to ensure that the latest and most relevant data sources and research methodologies are used. QCOSS (supported by PIAC and SACOSS) suggested that the Household Expenditure Survey undertaken every six years by the ABS would be a useful source of information on competing demands on income. UnitingCare also noted the range of data that exists to help determine customers' ability to pay for energy, citing the ABS financial stress data set, the Henderson poverty line and the Household, Income and Labour Dynamics in Australia (HILDA) data set. Stakeholders also referred to work undertaken by jurisdictional government departments and agencies such as the Independent Pricing and Regulatory Tribunal (NSW), the Department of Human Services (Victoria), and the Office of Economic and Statistical Research (Queensland). Stakeholders largely supported the use of existing sources of data and information where this is available.

At the stakeholder forum and in its submission UnitingCare proposed the development of a benchmark against which energy affordability could be assessed. It suggested that no household should need to pay more than eight per cent of their income to meet basic household energy needs (the ABS 2003-04 household expenditure survey showed that electricity counted for about seven per cent of expenditure for the poorest 20 per cent of Australian households based on equivalised household income). However, retailers expressed reservations about the usefulness and reliability of such a benchmark. TRUenergy commented that such a measure could not take into account all household circumstances and energy needs given that energy consumption varies greatly across the country due to appliance mix, climate, housing type and household size.

### **Case studies and energy affordability complaints**

The proposal to include case studies and an examination of energy affordability complaints in the report attracted a mixed response. Consumer groups and energy ombudsmen supported the proposal to include case studies, which they consider important in understanding customer experience in the retail market. EWON suggested that information gathered by the energy ombudsmen could be a valuable source of information for this purpose. UnitingCare recommended that case studies focus on low and average income households as well as households in more extreme

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<sup>13</sup> The Consumer Price Index published by the ABS measures quarterly changes in the price of a basket of goods and services which account for a high proportion of expenditure by the CPI population group (metropolitan households). (Consumer Price Index, ABS, June Quarter 2010)

circumstances, such as those requiring energy for life support reasons, people in remote indigenous communities, and aged person households.

AGL saw value in case studies in terms of providing a human face to the experience of customers facing hardship and supported case studies being provided by retailers in the context of hardship policy performance. However, AGL did not consider it appropriate for the AER to include case studies in its energy affordability report. It suggested that case studies would be of little value in measuring overall energy affordability and may distort the focus of the report and import an inappropriate degree of emotiveness. Origin expressed similar reservations about the proposal to report on customer complaints on energy affordability issues, noting that in practice it is difficult to distinguish such complaints from billing complaints more generally.

### **2.2.3 AER response**

Stakeholders have raised a range of issues that could usefully be covered in an energy affordability report and have put forward numerous suggestions as to how the AER might best approach this analysis. The AER proposes that some aspects of the energy affordability reports will provide recurring content to allow us to consider trends over time. Additional, tailored content in the form of case studies or essays will vary from year to year and provide detailed studies of identified areas of interest or concern.

The annual report on energy affordability will have the following elements:

- the year in review, identifying events and regulatory or policy decisions within the reporting year that are relevant to energy affordability
- consideration of energy charges for residential customers
- consideration of energy charges for small business customers
- a targeted essay or case study on a particular issue or issues.

Further detail on the intended content of each element is provided below. We do not propose to define the point at which energy is or is not affordable. The AER shares the concerns expressed by stakeholders that an assessment of this nature is likely to be highly subjective and largely dependent on factors external to energy retail market performance. In combination, we consider the approach outlined in this paper will meet the needs of our stakeholders in a balanced and objective way and provide sufficient context to other areas of our performance report.

We retain the view it is unlikely that any meaningful trends in energy affordability will be revealed within a reporting year, and propose to publish a single, annual energy affordability report at the end of each financial year. However, as discussed in sections 3 and 4 of this paper, key indicators of retailer performance in managing customers experiencing payment difficulties and retailers' hardship programs may be reported at more frequent intervals throughout the year in other parts of the AER's retail market performance reports.

#### **Discussion of the year in review**

This section of the energy affordability report is intended to provide commentary on government policies, regulatory decisions and other potential drivers for changes in energy charges paid by customers over time. We propose to include discussion of energy costs contributing to those charges at generation/production, transmission, distribution and retail levels. Each annual energy affordability report will include a

summary of key events and decisions in the previous 12 months, and those expected in the next 12 months.

The review will look at both national and jurisdictional developments, including:

- an overview of energy wholesale market prices for the year in question<sup>14</sup>
- an overview of the impact of key revenue and pricing determinations for transmission and distribution networks by the AER (we will continue to provide such information in public statements and media releases that accompany our decisions at the time they are made)
- a summary of retail pricing determinations made by jurisdictional authorities<sup>15</sup>
- a discussion of new policy developments or changes in the energy regulatory environment that are expected to impact on energy affordability. This discussion might include the impact of environmental initiatives such as carbon pricing and renewable energy targets or new measures to improve customer energy efficiency such as energy efficiency target schemes and the roll-out of advanced metering infrastructure and time-of-use pricing
- unique seasonal characteristics in the relevant year, such as extended summers or winters, and any evidence of the impact they have had on consumption levels and/or energy charges throughout the year.

Where possible, we will also provide an indication of the contribution each of these factors has made to changes in the energy charges paid by customers.

The developments considered in this section will provide context to the consideration of energy affordability for residential and small business customers and to observable trends in retailer performance identified in the retail market activities review (discussed further in section 3 of this position paper).

#### **Energy affordability for residential customers**

Energy affordability for residential customers was a common focus in all submissions received. The AER's annual energy affordability report will include:

- estimates of the average annual electricity and gas charges paid by residential customers in each jurisdiction over the past year; and
- consideration of percentage of income taken up by annual electricity and gas charges.

To estimate the annual electricity and gas charges paid by residential customers we need measures of price and usage. Combining the measures of price and usage will give us an estimate of the average annual electricity and gas charges.

We may be able to use ABS data collected for the purposes of CPI calculations each quarter to measure prices. Such an approach would avoid duplication. However, for the purposes of assessing affordability, the AER may need to adopt a different approach to the ABS.

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<sup>14</sup> The AER notes the difficulties in obtaining reliable wholesale gas price data. Commentary on wholesale prices may vary.

<sup>15</sup> Responsibility for the regulation of retail energy prices is not expected to transfer to the AER.

One issue is which offers should be included, given the number and range of offers available to customers in the market at any given time is considerable. Not all offers will be equally available to all customers, and a method of deriving a suitably representative sample is therefore required. One approach might be to use standing offers only, on the basis that all residential customers will have access to a standing offer under the Customer Framework. However, in some jurisdictions an assessment based solely on standing offers may not be representative of what most customers are actually paying. We will determine the appropriate basis for any sample in the context of information gathered on market share and the distribution of standard and market retail contracts. Further complications arise in deciding how to treat adjustments such as concessions and discounts. The precise approach will be refined over time, but whichever approach is adopted, we do not anticipate the need to impose any reporting requirements on retailers specifically for this purpose.

In working out a measure of usage, it is likely that consumption profiles for each jurisdiction will be used. We propose to select or develop profiles on the basis of consumption data. The most likely source of this information is energy distributors, and information provided to the AER as part of annual price approvals for electricity and gas distributors may be useful for this purpose. We will also have regard to existing consumption profiles used by state and territory regulators, government departments and any consumption surveys undertaken by the AER or external bodies from time to time. More detailed examinations of consumption profiles for subsets of customers within the market might also be addressed as part of targeted studies that can also examine the demographics and behavioural drivers that define them. This will allow a more detailed assessment of affordability for these customers including a potential assessment of how any affordability issues have been managed.

The new national energy bill benchmarking regime established under the Customer Framework is expected to provide benchmark consumption information for different household sizes by reference to regional climate zones in participating jurisdictions. The AER will monitor the development of the initial benchmarks to determine how they might be applied to for the purposes of energy affordability reports.

The AER proposes to report separately on estimated annual charges paid for electricity and gas by customers in each jurisdiction. We appreciate the comment made by QCOSS (and supported by PIAC and SACOSS) that many households will pay a combination of electricity and gas charges. However, the fuel mix from household to household is likely to be highly variable and the impact of that fuel mix on levels of consumption and the energy charges paid even more so. Again, this is an issue that would more be more usefully examined by a detailed study that could take different fuel mixes and the different uses of electricity and gas that define them (for example, alternative heating fuels) into account. By reporting on electricity and gas separately we will be better placed to examine the difference in charges between fuel types and the drivers of any changes over time.



As mentioned above, we intend to measure estimated annual energy charges as a proportion of customers' income. We propose to do this by reference to ABS household income deciles<sup>16</sup> one, two, and three in each jurisdiction, which have been identified in submissions as the key areas of interest to stakeholders. This focus on lower income deciles will need to be taken into account in determining appropriate consumption profiles for the estimation of energy charges likely to be paid by customers in these bands.

We may also provide commentary on changes electricity and gas components of the ABS Consumer Price Index (CPI) relative to other essential goods and services. Furthermore, periodic studies such as the ABS household expenditure survey may provide insight into customer priorities in managing expenditure and if and how those priorities change over time. This is another aspect of energy affordability that we will consider exploring in more targeted studies.

### **Small business customers**

In this section of the report we propose to report on estimated annual electricity and gas charges paid by small business customers over the past year, by reference to various levels of consumption under the small customer threshold.

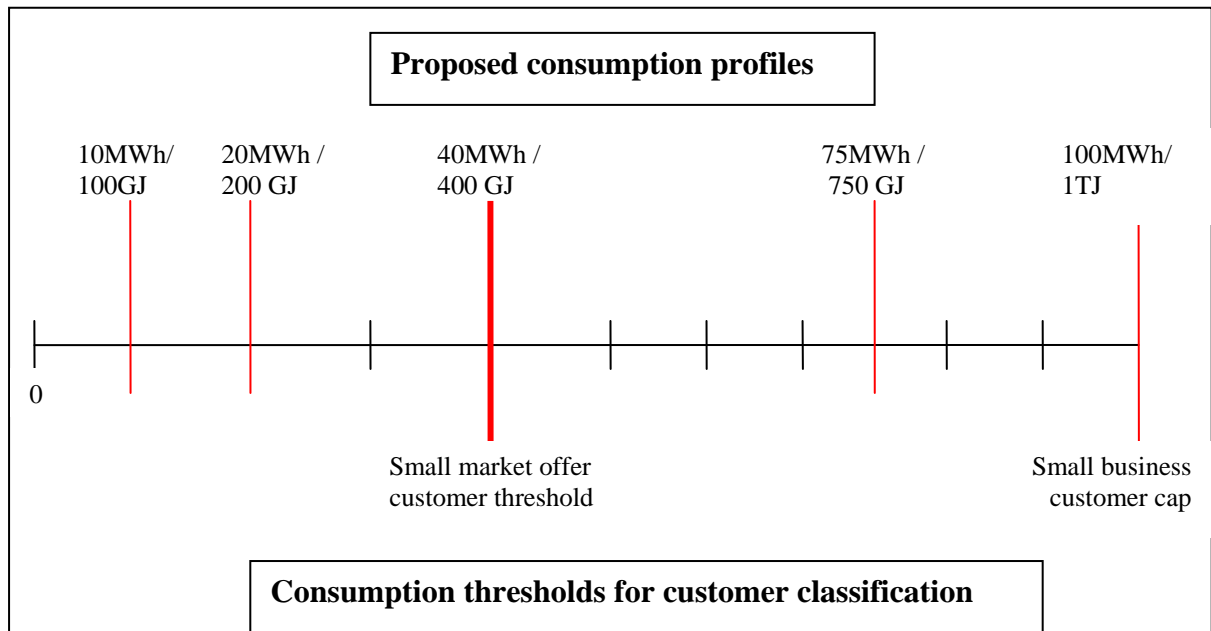
The price for small businesses will be calculated in a similar way to the approach outlined above for residential customers, with a focus on targeted small business offers made by retailers.

In relation to usage, we will apply five different levels of consumption below the threshold between small and large customers established in the Retail Regulations. These indicative levels will focus on the bottom end of the range. Consumption levels for small businesses will vary depending on the type of business rather than by jurisdiction. On that basis, we will use a single set of profiles to cover all jurisdictions. The five consumption thresholds we propose to adopt for the purposes of this section of the energy affordability report are illustrated in diagram 1 below.

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<sup>16</sup> All households in the population are ranked in ascending order according to equivalised disposable household income. They are then divided into 10 equal groups known as deciles, each comprising 10 per cent of the estimated population. Decile one represents the households in the bottom ten per cent of the population based on equivalised disposable income, decile two represents those households in the bottom 10 to 20 per cent of households, and so on.

**Diagram 1: Proposed consumption thresholds for small business customers**



The income earned by small businesses is considered too variable to allow a meaningful analysis of energy charges as a proportion of income.

From year to year reports may also consider changes in the price of electricity and gas relative to other goods and services using the Stage of Production Producer Price Indexes (PPI).<sup>17</sup>

### Targeted research and case studies

In the discussion above, we have proposed information and analysis that could be included in each year’s energy affordability report. Over time, we anticipate that this will allow for examination of patterns and trends in energy affordability.

Stakeholders have also raised a number of aspects of energy affordability that lend themselves to more focussed studies or surveys. Among these suggestions are studies of energy affordability for customers in different postcodes, and in particular rural small business customers. Other proposals include investigation of consumption profiles for different households or household characteristics, and the physical and behavioural capacity of customers to reduce energy consumption. Household debt levels and other competing financial pressures for particular household types were also raised, as was the availability and payment rates of government energy concessions, grants or subsidies.

In order to provide this more specific analysis, we propose to supplement the recurring content we provide in our energy affordability reports each year with a targeted research project, in the form of an essay or series of case studies, through which we can more thoroughly examine such issues.

<sup>17</sup> Stage of Production Producer Price Indexes published by the ABS measure the price of commodities according to their economic destination on a sequential basis along the production chain. (Producer Price Indexes, Australia, June 2010)

The subject matter of the annual essays and case studies is intended to differ from year to year to allow us to investigate the full range of matters raised by different stakeholders. Over time, successful studies may be repeated to allow us to identify changes in key drivers of energy affordability concerns. Our decision on the scope of each year's topics will be made in consultation with the AER's customer consultative group, regulated entities and energy ombudsman schemes to ensure that our selection is objective and reflective of stakeholder priorities.

#### **2.2.4 AER updated proposal**

As outlined in this section, the AER will publish annual reports on energy affordability as part of its retail market performance reports. Each report will provide commentary on significant events and regulatory or policy decisions within the reporting year that are relevant to energy affordability and a detailed study of an identified issue or area of concern. The scope will be determined in discussion with the AER's customer consultative group, regulated entities and energy ombudsman schemes.

In addition, our annual energy affordability reports will include consideration of energy affordability for residential and small business customers by reference estimated annual energy charges.

We propose to base our analysis as much as possible on publicly available data. At this time, we do not intend to impose any reporting requirements on regulated entities for the purposes of the energy affordability report.

### 3 Retail Market Activities Review

The Retail Rules require the AER's retail market performance reports to include a retail market activities review,<sup>18</sup> including information and statistics on:

- handling of customers experiencing payment difficulties
- de-energisation (disconnection) of premises for reasons of non-payment and re-energisation (reconnection) of those premises
- concessions for customers where retailers administer the delivery of those concessions
- the provision of prepayment meter (PPM) systems to customers, including the total number of customers using PPMs, self-disconnections and the number of PPMs removed due to payment difficulties
- the number and aggregate value of security deposits held by each retailer as at 30 June each year
- customer service, and
- complaints, including complaints about billing, marketing and customer transfers.

The retail market activities review must provide information by reference to:

- participating jurisdictions
- different categories of customers as determined by the AER, including (but not limited to) small customers and large customers, and residential customers and small business customers.<sup>19</sup>

The Retail Rules specify that reporting on the handling of customers experiencing payment difficulties must distinguish hardship customers and other residential customers experiencing payment difficulties.<sup>20</sup> The reporting of disconnection and reconnection data must also distinguish hardship customers and other residential customers on payment plans.<sup>21</sup>

Each area of the retail market activities review, listed above, is considered in the following sections of this chapter.

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<sup>18</sup> r. 167(1) and (3), National Energy Retail Rules

<sup>19</sup> r. 167(3), National Energy Retail Rules

<sup>20</sup> r. 167(1)(b), National Energy Retail Rules

<sup>21</sup> r. 167(1)(d), National Energy Retail Rules

## Handling of customers experiencing payment difficulties

The AER must report on the handling of customers experiencing payment difficulties.<sup>22</sup> In the Issues Paper, we proposed indicators in the following areas:

- Customers with energy bill debt
- Direct debit plan terminations
- Payment plans.

### 3.1 Customers with energy bill debt

#### 3.1.1 AER Issues Paper

The AER's preliminary view was to require retailers to report against the following indicators:

- Total number of customers repaying an energy bill debt
- Average amount of energy bill debt (for those customers in debt)
- Number customers with energy bill debt who owe >\$500 and >\$1,000.

We proposed to define *debt* as the dollar amount of energy bill debt which has been outstanding to the energy retailer for a period of 90 days or more. This definition is consistent with the definition of debt considered as part of the AER's hardship program indicators.<sup>23</sup>

We recommended collecting this information for gas and electricity customers separately. We also proposed to collect the information for residential customers who were not participating in a retailer's hardship program only, noting that we had proposed to monitor debt levels for hardship program customers as part of the hardship program indicators (see section 4.5 and 4.6). We sought views on whether levels of energy bill debt for small business customers should be collected.

The AER requested feedback on whether to include further indicators to monitor the number of customers with overdue or deferred payments, such as collecting data on the number of reminder and disconnection warning notices issued by retailers, or the number of bill extensions granted by retailers.

#### 3.1.2 Issues raised through consultation

Retailers did not support reporting against indicators measuring customer debt levels, particularly if the AER were to use this data to assess retailer performance. Retailers argued that customers may accumulate energy bill debt for a number of reasons, most of which are reflective of a customer's personal circumstances. Furthermore, they argued that reported debt levels were likely to reflect the socio-economic standing of retailers' customer bases, geographic differences, as well as general economic conditions. Retailers, therefore, suggested that these indicators will not reflect their performance in identifying and assisting customers experiencing payment difficulties.

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<sup>22</sup> r.167(1)(b), National Energy Retail Rules

<sup>23</sup> AER Issues Paper: Developing National Hardship Indicators, April 2010. See also Chapter 4.

Origin and Australian Power & Gas also noted that these indicators would not distinguish between the debt owed by customers who choose not pay their energy account; those who do not have the means to pay their energy bill; and those customers on a payment plan who are ‘managing’ their debt.

In its submission, Ergon suggested that by establishing debt levels for retailers to report against (i.e. customers who owe >\$500 and >\$1,000) the AER is inferring a point beyond which a customer should be considered as experiencing hardship, rather than short-term payment difficulties.

A key concern expressed by retailers was that this data may not reflect their performance or compliance, and could be damaging to their reputation. A number of retailers were particularly concerned about reporting this data arguing that it is commercially sensitive.

Consumer groups and ombudsman supported the inclusion of these indicators. While QCOSS and CUAC acknowledged that the indicators may be influenced by socio-economic factors, they considered the indicators will go some way to highlighting whether retailers have been proactive in identifying customers with payment difficulties. Furthermore, QCOSS, EWON and EWOV argued that reporting the data in aggregate, and not publishing individual retailer data, would provide an overall indication of payment difficulties in the energy market and address any concerns with the commercial sensitivity of the data. QCOSS also noted that, as the AER will still receive data from each retailer, it will be able to review individual retailer performance and follow up on any queries arising from the data.

EOQ also supported the collecting the data, suggesting that it would help identify retailers with inadequate systems to assist customers in financial difficulty. QCOSS and EWON also noted that the data will help inform the AER’s energy affordability report (see section 2.2). EWON considered these indicators essential for the AER to properly carry out its monitoring and compliance role. EWON also suggested that a significant variation of customer debt levels with an individual retailer may provide an early indication of a potential Retailer of Last Resort (RoLR) event.

Several consumer groups recommended some amendments to the indicators proposed. SACOSS, QCOSS and CUAC recommended collecting data on customers who owe >\$3,000 (in addition to the debt levels proposed) to identify customers that are accumulating large debts over time or who incur large annual energy bills.

UnitingCare and QCOSS also suggested normalising the data by examining the levels of debt owed in relation to average quarterly energy bills. For example, reporting on the number of customers with a debt that equates to 1 – 2 quarters worth of energy bills, 3 – 4 quarters worth of energy bills, and so on. However QCOSS acknowledged that this data may be difficult to measure and calculate.

Consumer groups largely supported collecting the data for residential customers only (excluding hardship program customers). QCOSS noted that some customers on a retailer’s hardship program may continue to accumulate energy bill debt for a period of time, when the amount they can afford to pay does not cover the costs of their ongoing energy bills. QCOSS suggested that the inclusion of hardship program customers may therefore skew this overall debt data. Ergon however raised concerns that it would be difficult to report against these indicators separately from those proposed to apply to customers on the hardship program, as the precise coverage and application of each retailer’s hardship program will differ.

QCOSS, CUAC and EWON supported the AER's proposed definition of debt. However QCOSS recommended that it should not include debt where a final bill has been issued. EWON and CUAC considered that energy bill debt levels for small business customers should be collected. CUAC argued that although the debt may be influenced by business conditions and commercial considerations, it may also indicate whether retailers are providing small businesses with some assistance.

Consumer groups supported collecting data on the number of customers who received a payment extension for their energy bill. TasCOSS was particularly interested in this indicator because bill extensions are a form of assistance offered by retailers to customers who may be experiencing temporary financial difficulties. Furthermore, it argued that bill extensions may obviate the need for customers to enter into hardship programs. EWON was also supportive of the indicator, suggesting that it may be a useful indication of customers' capacity to pay.

QCOSS and TasCOSS recommended a number of additional indicators be included to monitor the entire billing and notice path for energy customers. For example, requiring retailers to report on the number of bills and estimated bills issued; the number of bills paid by the due date; the number of reminder and disconnection notices sent out; late payment fees charged and waived; and the numbers on shortened collection cycles. SACOSS, PIAC and CUAC also supported these indicators. QCOSS suggested that at an aggregate level these indicators would provide additional context for energy affordability and energy debt by revealing where in the path customers are paying bills. CUAC also commented that these indicators could provide information on the number of customers experiencing short-term payment difficulties. Origin did not support indicators regarding the billing and notice path. It claimed that the indicators would not show the difference between customers who forget or choose to pay bills late and those who cannot afford to pay their bills.

### **3.1.3 AER response**

The AER proposes to maintain the three indicators monitoring the number of customers with energy bill debt and the levels of this debt as proposed in the Issues Paper. We note that the level of debt that individual customers can support or sustain before approaching their retailer for assistance is likely to depend on their individual and personal circumstances. However the AER considers it is important to measure debt levels as they will provide a valuable indication of the number of, and extent to which, customers are experiencing payment difficulties with their energy bills. Furthermore, the indicators will provide an indication of how proactive retailers have been in identifying customers with payment difficulties. As noted by QCOSS and EWON in their submissions, the indicators will also provide important context for the AER's affordability report (see section 2.2).

We propose to use the same debt brackets as those proposed in the hardship program indicators (see section 4.5).<sup>24</sup> We will therefore collect the number of customers who owe between \$500 - \$1500, \$1501 - \$2500, and \$2501+. This will ensure consistency in reporting across the different customer groups and allow for accurate comparisons to be made between the debt levels across residential customers not on hardship

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<sup>24</sup> We are, however, not proposing to require retailers to report on the number of customers who owe \$0-\$500. We note that this can be calculated by subtracting the number of customers in each of the remaining debt brackets from the total number of customers with energy bill debt.

programs and those on hardship programs. These additional debt brackets will also provide an indication of the proportion of customers who have accrued higher levels of debt as requested by stakeholders. To address the concerns raised by retailers regarding the commercial sensitivity of this data, the AER proposes to report and publish this information in aggregate. As noted by QCOSS, each retailer will be required to submit their own data to the AER, therefore we will be able to follow up any concerns that may arise with individual retailers.

The AER does not support Ergon's view that by requiring retailers to report against debt brackets, we are suggesting a point beyond which customers should be considered as experiencing financial hardship. This information is not intended to set a 'hardship threshold', rather it will help to give additional context to the average debt indicator and provide an indication over time of the number of customers who are accumulating large debts.

We acknowledge Origin's concern that these debt indicators in isolation will provide little clarity on customers' energy debt that is being 'managed' versus debt that may lead to disconnection. The AER has, however, proposed a number of indicators in other areas (monitoring the use of payment plans and disconnections etc), which can be considered alongside this data to assess how retailers are assisting customers to manage their energy bill debt.

We propose to collect this information for residential customers (excluding hardship programs customers).<sup>25</sup> We also propose to collect the number of small business customers in debt and their average level of debt to provide an indication of the extent to which small business customers are experiencing difficulties in managing their energy bills. We are not proposing to collect debt brackets for small business customers. We consider that the energy usage of small businesses, and therefore the size of their energy bills, can vary significantly depending on the type of business and this will make the debt brackets less relevant. We also acknowledge that the amount of debt that individual small businesses may accrue is likely to vary depending on the nature and success of their business as well as the size of their energy bills. As with residential customers, general economic conditions are also likely to influence the levels of debt reported. Whilst this may make it difficult to draw conclusions from the data, it will provide valuable information on trends regarding energy debt of small businesses over time.

We propose to maintain the definition of *debt* put forward in the Issues Paper, which is consistent with the definition proposed for the hardship program indicators. We will clarify that it refers to energy bill debt for the ongoing sale and supply of energy only (not other services) for existing customers and not where a final bill has been issued.

Quarterly data for gas and electricity customers will be collected separately. We maintain the view that it is unlikely customers' energy bill debt levels will change significantly from month to month and therefore more frequent data collection is not warranted. Quarterly data will enable the AER and stakeholders to identify any seasonal trends in the data. Retailers should record the data as at the last day of the quarterly reporting period.

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<sup>25</sup> As stated previously, we propose to collect the debt levels of customers participating in retailers' hardship programs separately, as part of the hardship program indicators (see sections 4.5 and 4.6).



We are not proposing to include additional indicators to monitor the number of bill extensions granted by retailers or to measure where customers pay in the billing and notice path. We recognise that measuring bill extensions may provide an indication of the assistance provided to customers in short-term payment difficulties. However, as retailers are not obliged under the Retail Law and Rules to provide such extensions we are not proposing to collect this information. Instead, the AER has proposed to monitor retailers' performance in areas where they have obligations to offer assistance to customers experiencing payment difficulties, such as the provision of payment plans and under their hardship programs.

The AER notes that many customers may intentionally delay payment of their energy bills. Therefore the number of reminder notices or disconnection warnings issued by retailers is unlikely to be a reliable reflection of the extent of customers experiencing payment difficulties or retailer performance.

### **3.1.4 AER updated proposal**

For the purposes of reporting on customers with energy bill debt, we propose to define *energy bill debt* as the dollar amount owed to the retailer for the sale and supply of gas or electricity, excluding other services, which has been outstanding to the energy retailer for a period of 90 days or more. *Debt* refers to the ongoing energy bill debt for existing customers and not where the final bill has been issued.

We are proposing to collect the following indicators:

- Total number of residential customers (excluding hardship program customers) and small business customers repaying an *energy bill debt* in each participating jurisdiction
- Average amount of *energy bill debt* for those residential customers (excluding hardship program customers) and small business customers in debt in each participating jurisdiction
- Number of residential customers (excluding hardship program customers) with *energy bill debt* in each participating jurisdiction who owe:
  - Over \$500 but less than or equal to \$1,500
  - Over \$1,500 but less than or equal to \$2,500
  - Over \$2,500.

We propose to collect the data for gas and electricity customers separately. We propose to collect quarterly data as at the last day in the quarter.

## **3.2 Direct debit plan terminations**

### **3.2.1 AER Issues Paper**

The AER's preliminary view was to include the following indicators to monitor direct debit plan terminations:

- Total number of customers using a direct debit plan to pay customer accounts
- Number of direct debit plans terminated due to default/non-payment.

We suggested that an occasional default on a direct debit payment may be due to human error or a customer oversight. However, if a customer has a direct debit plan cancelled by the retailer following a number of missed payments, this may be more likely to indicate the customer is experiencing payment difficulties.

Consistent with the Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements (SCONRRR) approach,<sup>26</sup> we proposed to include all direct debit plan terminations regardless of the account or institution from which they are paid, including Centrepay.<sup>27</sup> We recommended collecting this data for residential customers (excluding customers on retailers' hardship programs) on a quarterly basis.

### 3.2.2 Issues raised through consultation

There was some support for these indicators from EWON and TasCOSS. TasCOSS considered this a particularly important area to monitor as customers on direct debit arrangements are usually offered a discount and it has therefore become a popular payment method. TasCOSS noted that it can, however, be a dangerous option for those customers on low incomes. In circumstances where their account balances are insufficient to cover the amount of the direct debit, customers not only default on their payments, but may also incur penalties from their financial institutions, compounding any hardship issues.

TasCOSS also cautioned the AER against including Centrepay in the definition. They advised that the only way a customer can default on their Centrepay arrangement is if they choose to terminate the arrangement or if they have lost their Centrelink pension or allowance.

EWON suggested that a preferred indicator to direct debit defaults would be the number of cancelled payment plans. Similarly, QCOSS recommended collecting information on the use of all flexible payment options and the termination of such arrangements (rather than limiting this to direct debit plans). These recommendations were supported by SACOSS, PIAC and CUAC. QCOSS suggested defining *flexible payment arrangements* as 'those which allow customers to make more frequent payments rather than a "lumpy" quarterly bill'. They would not include debt repayment arrangements (payment plans) but would reflect ongoing payment options.

These consumer groups considered that monitoring all flexible payment arrangements (rather than only direct debit plans) would provide additional information as flexible payment options may be used by customers to manage their ongoing energy bill payments and prevents them from accumulating debt. Furthermore, QCOSS considered that whilst reporting on the number of flexible payment arrangements terminated may not necessarily indicate payment difficulties, a high rate should be a matter of concern. QCOSS also preferred collecting those flexible payment

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<sup>26</sup> In 2007, SCONRRR released its *National Energy Retail Performance Indicators* paper that aimed to improve the consistency of data collected by regulators and enable better comparisons to be made across jurisdictions to assist in the transition to a national reporting framework. The paper can be viewed at the following link:  
<http://www.accc.gov.au/content/item.phtml?itemId=779487&nodeId=e759ad6cf20f258b73c09820458d62c7&fn=National%20Energy%20Retail%20Performance%20Indicators%20-%20Utility%20Regulators'%20Forum%20-%20May%202007.pdf>

<sup>27</sup> SCONRRR, Final Paper: National Energy Retail Performance Indicators, May 2007, p 17.

arrangements terminated where a fee was incurred by the customer, arguing that this would be a less ambiguous measure.

As flexible payment arrangements may vary considerably between retailers, QCOSS recommended that each retailer provide the AER with their own definition of the flexible payment arrangements they had included. QCOSS suggested this would allow the AER to make a judgement on whether all the payment types included by retailers could be classified as 'flexible' for the purposes of reporting the data.

Retailers who responded to these indicators did not support their inclusion, arguing that the number of direct debit terminations is not a good indication of payment difficulties. AGL and Origin argued that direct debit is a payment option that many customers choose for its convenience. AGL and TRUenergy also noted that direct debit plans can be terminated for a number of reasons, such as a change in credit card details or banks and are therefore more likely to reflect a customer's administrative arrangements rather than their financial circumstances. Furthermore, TRUenergy suggested that a retailer may not always be able to identify the cause of the direct debit default. For these reasons, many retailers as well as the ERAA questioned the validity of drawing assumptions about the handling of customers experiencing payment difficulties from the number of direct debit plans terminated. Origin also noted that there may be some overlap between these indicators and the payment plan indicators proposed (see section 3.4).

### **3.2.3 AER response**

In light of the limited support for these measures (both in submissions and at forum discussions), we are not proposing to retain these indicators. This is largely due to the concerns raised by stakeholders that direct debit plan terminations may not provide a good indication of how retailers are handling customers experiencing payment difficulties.

The AER is not proposing to include the indicators suggested by QCOSS regarding monitoring the use of flexible payment arrangements and the number of these arrangements terminated for non-payment. We consider that many customers use flexible payment options for budgeting reasons and convenience, rather than because they are experiencing payment difficulties. Therefore monitoring their use (and terminations) will not provide an indication of how retailers handle customers experiencing payment difficulties. We also note the difficulties in defining *flexible payment arrangements* and that having different data sets for each retailer would make it difficult to draw accurate comparisons across retailers.

We are, however, proposing to monitor the number of payment plans terminated for non-payment/default. We consider this will provide a more accurate indication of the way in which retailers handle customers experiencing payment difficulties. This proposal is discussed in more detail in section 3.4.

### **3.2.4 AER updated proposal**

We are not proposing to impose any reporting requirements on retailers in respect of direct debit terminations.

## **3.3 Monitoring payment methods and Centrepay**

### **3.3.1 AER Issues Paper**

The AER's preliminary view was to not collect information on customer payment methods, including the number of customers that use Centrelink's Centrepay.<sup>28</sup> We suggested that the way in which customers choose to pay their bills is more reflective of their personal preferences and behaviour rather than their financial circumstances. Therefore, the AER did not consider it to be an effective measure to assess the handling of customers experiencing payment difficulties.

### **3.3.2 Issues raised through consultation**

Nine respondents commented on the AER's proposal not to collect data on payment methods, including the number of customers using Centrepay.

CUAC, UnitingCare and QCOSS (in a submission supported by PIAC and SACOSS) disagreed with our proposal. They expressed strong support for collecting data on the number of customers using Centrepay. QCOSS and CUAC noted that Centrepay assists potentially vulnerable customers to better manage their energy bills on an ongoing basis. It helps them prevent an accumulation of energy bill debt and reduces their chances of disconnection. EWON and EWOV were also supportive of collecting information on the use of Centrepay. QCOSS and EWOV claimed that monitoring the use of Centrepay may encourage retailers to offer this payment option to their customers. Furthermore, EWON noted that this information is currently collected in NSW and suggested that it could be particularly valuable when assessed alongside other indicators.

EWON also supported collecting data for all payment methods, arguing that it will provide useful information on retail market activities. They suggested this is particularly important as the Customer Framework does not require retailers to offer their customers a free payment mechanism and the current trend in other industries is to impose charges on a range of payment methods. UnitingCare also considered the data, particularly on customers using Centrepay, to be important.

The two retailers who responded (AGL and Origin Energy) supported the AER's proposal to not collect this data, arguing that it is more reflective of individual customer choice and preference than retailer performance.

### **3.3.3 AER response**

The AER proposes to maintain its original position—not to include an indicator monitoring the number of customers using each payment method. The AER maintains the view that the ways in which customers choose to pay their energy bills is not likely to reflect their financial situation or provide a useful indicator regarding customers experiencing payment difficulties.

Due to the strong support from consumer groups and energy ombudsman schemes, the AER is now proposing to collect data on the number of customers using Centrelink's Centrepay option to pay their energy bill. The AER recognises that Centrepay is a useful tool to assist low income customers to maintain regular payments towards their energy bills. Furthermore, the indicator will enable the AER

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<sup>28</sup> Centrepay allows customers to choose to pay their energy bills by having a regular amount deducted directly from their Centrelink payment.

to monitor the take up of the service and may provide the AER with an indication of how well it is being promoted as a payment option by individual retailers. We will also have data on a number of other payment methods from the other indicators that we are proposing to collect, for example, the number of customers using a prepayment meter and the number of customers on a payment plan.

### **3.3.4 AER updated proposal**

Our updated proposal is to include an indicator to monitor the number of residential customers using Centrelink's Centrepay to pay their energy bills.

The AER proposes to collect quarterly data for gas and electricity residential customers separately. The data should be recorded for each participating jurisdiction as at the last day of the reporting period.

## **3.4 Payment plans**

### **3.4.1 AER Issues Paper**

The AER's preliminary view was to monitor the use of payment plans to assist customers experiencing payment difficulties. The following indicators were considered in the Issues Paper:

- Number of customers on a payment plan
- Number of customers on a payment plan in the previous 24 months who were disconnected for non-payment of bill
- Of those customers disconnected, the number subsequently reconnected within seven days, in the same name and at the same address.

We proposed to use the definition for *payment plan* as specified in the Retail Rules i.e. a plan for a residential customer experiencing payment difficulties, to pay a retailer by periodic instalments, any amounts payable by the customer for the sale and supply of electricity.<sup>29</sup> We also proposed, for the purposes of this reporting, that a *payment plan* should further be defined as an arrangement which must include at least three instalments and should not include customers who are using a payment plan for convenience or flexible budgeting purposes.

We proposed to collect monthly information for residential customers (excluding hardship program customers) and sought views on whether payment plans for small business customers should also be collected.

### **3.4.2 Issues raised through consultation**

There was a general support from all respondents to collect the total number of customers using a payment plan. The ERAA acknowledged that this indicator could provide an insight into the handling of customers experiencing payment difficulties but cautioned the AER on how it might use, and interpret, this information. TRUenergy and AGL also noted that the indicator may be more reflective of customer behaviour and engagement with the retailer rather than retailer performance. In particular, that a customer may be offered a payment plan by a retailer but may choose to decline this offer.

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<sup>29</sup> s. 2, National Energy Retail Law

Several retailers raised concerns about monitoring customers previously on a payment plan over a 24 month period (for the proposed disconnection and reconnection indicators). Origin and Ergon Energy warned that 24 months represents a considerable time lag between customer participation in a payment plan and disconnection. In particular, they argued that a range of factors over that period could impact on a customer's ability to meet their energy bill payments. As such, they argued it would be difficult for the AER to reliably apply this data to inform an accurate analysis of the effectiveness of a retailer's practices in this area.

Origin and Ergon Energy also raised concerns that it would be administratively difficult and costly to track customers over a 24 month period and that retailers' customer management systems may not always provide 'one view of the customer'. For example, when a customer calls to reconnect their energy supply, retailers may create a new account for that customer rather than continue with their previous account. In these instances, retailers may not be able to track this as the same customer over the 24 month period. Retailers also pointed out that many customers will switch retailers during a 24 month period, which may make the indicator unreliable.

All consumer groups and energy ombudsman schemes who responded were supportive of the AER's proposed indicators. EOQ suggested that the indicators would assist in identifying retailers that may have inadequate payment plans for customers experiencing payment difficulties.

Given that payment plans are the main form of assistance extended to customers with payment difficulties, some stakeholders suggested the AER should also collect a number of additional indicators in this area. All of the consumer groups and Origin Energy were supportive of an indicator that shows the effectiveness of payment plans, such as the number of customers who successfully completed their payment plan. QCOSS and Origin suggested that this indicator may provide an unambiguous measure of success for both the retailer and the customer. The information reported would go some way towards demonstrating whether retailers are establishing payment plans that are affordable and therefore adequately address a customer's capacity to pay.

QCOSS also recommended collecting the total number of new payment plans established during the period, including the average weekly repayment rate (for the arrears component only) and the average number of weeks to complete the plan at that rate. This indicator was supported by SACOSS, PIAC and CUAC. QCOSS argued that these additional indicators would provide a measure of the suitability of payment plans and an assessment of how retailers have considered customers' capacity to pay. QCOSS suggested that if customers' energy debt was increasing (at a higher rate than household income) then we would expect to see average repayment rates remain the same but repayment terms lengthen, reflecting that retailers are appropriately considering customers' capacity to pay.

Some consumer groups also recommended collecting the following indicators:

- Number of payment plans cancelled by retailer and a new plan established
- Number of payment plans cancelled by retailer for non-compliance, no new plan
- Number of customers with two or more payment plans cancelled for non-payment in last 12 months.

Under the Retail Rules, a retailer is not required to offer customers a payment plan if they have had two or more payment plans cancelled for non-payment within a 12 month period.<sup>30</sup> QCOSS considered that it is important to monitor customers in this situation because it would be a measure of increased vulnerability. Furthermore, QCOSS suggested that the terminated plans indicators would measure whether customers were being offered suitable plans.

There was general support for the AER's proposed definition of payment plans. AGL suggested that the definition include plans that allow customers to make payments after the original due date. CUAC and QCOSS recommended that it should be limited to payment plans which include an arrears component, because otherwise it would capture other flexible payment arrangements. QCOSS also recommended that each retailer should provide the AER with a more specific definition of their payment plan arrangements. This would allow the AER to make a judgement call as to whether a particular payment type represented a payment plan.

QCOSS recommended collecting the payment plan indicators for residential customers only. However, CUAC suggested that data for small business customers on payment plans should also be collected. EWON requested the information be collected for residential, small business and small market offer customers. Furthermore, EWON did not support excluding customers on retailers' hardship programs suggesting this would create gaps in the data. However AGL, QCOSS and CUAC were supportive of this because the hardship program indicators proposed would capture these customers.

UnitingCare wanted the data to be broken down by customers in capital cities, rural and regional areas as this would provide an indication of the different experiences of customers in each of these types of geographic locations.

### **3.4.3 AER response**

Due to the strong support across stakeholders for monitoring the number of customers using a payment plan, the AER proposes to retain the indicator. We acknowledge retailer concerns that customer behaviour may influence the data to a degree. We also note that many retailers have acknowledged, through our forum discussions, that payment plan indicators are useful in assessing retailers' performance in assisting customers experiencing payment difficulties and adequately assessing their capacity to pay. Furthermore, as payment plans are one of the most commonly used tools to assist customers experiencing payment difficulties, we consider this a critical indicator to collect.

The AER considers that a measure of the effectiveness of payment plans as a tool to assist customers to avoid disconnection for non-payment is important. We are therefore minded to retain the indicators monitoring the number of customers previously on a payment plan who were disconnected and reconnected. In light of the concerns raised by retailers, the AER is proposing to amend the timeframe for these indicators from 24 months to 12 months. This is consistent with the AER's approach to other disconnection and reconnection indicators (see section 3.5) as well as to the hardship program indicators (see section 4.8).

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<sup>30</sup> r. 33(2)(a), National Energy Retail Rules

The AER agrees with respondents that additional indicators to assess the success of payment plans should be included. Therefore, the AER proposes to collect:

- The number of payment plans successfully completed within the reporting period
- The number of payment plans cancelled by the retailer for default/non-payment within the reporting period
- Number of customers with two or more payment plans cancelled for non-payment in the last 12 months, within the reporting period.

We consider these indicators will monitor the success of payment plans as well as providing a measure of whether retailers' are adequately assessing customers' capacity to pay when establishing payment plans. For example, if a low number of customers are successfully completing their payment plans, while a high number of payment plans are being terminated for non-payment, it may indicate that suitable payment plans, adequately reflecting customers' capacity to pay, are not being offered by the retailer. The AER recognises that other factors, outside of the retailer's control, might also impact upon these indicators.

We are not proposing to collect further data monitoring the establishment of new payment plans, repayment rates and terms as suggested by some consumer groups. We believe the indicators we are proposing, particularly in relation to successful completion and termination, already cover this ground sufficiently.

The AER is also not proposing to include the indicators suggested to monitor the number of customers who are offered a new plan or not once a plan is cancelled. We are of the view that the key outcome to monitor after cancelled payment plans is those who are disconnected. We are unclear what conclusions might be drawn from monitoring the number of customers who are offered a new plan or not once a plan is cancelled.

Given the level of support received in submissions, the AER proposes to maintain the definition of *payment plan* as outlined in the Issues Paper. The definition will be clarified to make clear that payment plans should be limited to those customers who are paying off an arrears component. This will ensure that flexible payment arrangements (such as those used by customers for convenience or flexible budgeting purposes) are not captured. The AER does not intend to collect any further information on the types of payment plans offered by retailers. We consider this definition provides sufficient guidance to retailers on the payment plans captured.

The AER maintains the view that data should only be collected for residential customers who are not on retailers' hardship programs. The AER has proposed to collect data on the number of hardship program customers using payment plans as part of the hardship program indicators (see section 4.9). Furthermore, as retailers are not obliged to offer small business customers payment plans under the Retail Law or Rules, the AER is not proposing to require retailers to report on the above indicators for small business customers.

#### **3.4.4 AER updated proposal**

We are proposing to collect the following payment plan indicators:

- Number of residential customers (excluding hardship program customers) on a payment plan, within the relevant reporting period, in each participating jurisdiction



- Number of residential customers (excluding hardship program customers) who successfully completed their payment plan, within the relevant reporting period, in each participating jurisdiction
- Number of residential customers (excluding hardship program customers) who had their payment plan cancelled by the retailer for non-payment, within the relevant reporting period, in each participating jurisdiction
- Number of residential customers (excluding hardship program customers) with two or more payment plans cancelled for non-payment in the previous 12 months, in each participating jurisdiction
- Number of residential customers (excluding hardship program customers) on a payment plan in the previous 12 months who were disconnected for non-payment of a bill, in the relevant reporting period in each participating jurisdiction
- Number of residential customers (excluding hardship program customers) on a payment plan in the previous 12 months who were reconnected in the same name and at the same address within seven days of disconnection, in the relevant reporting period, in each participating jurisdiction.

For the purpose of reporting on these payment plan indicators, we propose to define *payment plan* as a plan for residential customer experiencing payment difficulties, to pay a retailer by periodic instalments, any amounts payable by the customer. A *payment plan* should only include an arrangement in which the customer is paying off an arrears component. The plan should consist of at least three instalments and should not include customers who are using a payment plan for convenience or flexible budgeting purposes.

Further, a customer successfully completes their payment plan where they have paid off their arrears in full and are returned, by agreement with the retailer, to the normal billing and collection cycles, including where they agree to a new flexible payment arrangement.

We propose to define *in the previous 12 months* as the 12 months (or 4 quarters) prior to the end of the reporting period.

We propose to collect quarterly data for the indicators monitoring the number of customers with two or more payment plans cancelled and those previously on a payment plan who were disconnected and reconnected. For the remaining payment plan indicators, we are proposing monthly data be reported quarterly to the AER. Data for gas and electricity customers should be reported separately.

## **3.5 De-energisation (disconnection) and re-energisation (reconnection)**

### **3.5.1 AER Issues Paper**

The AER's performance report must contain information and statistics on the de-energisation (disconnection) of premises for reasons of non-payment, and the subsequent re-energisation (reconnection) of customers.<sup>31</sup>

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<sup>31</sup> r. 167(1)(d), National Energy Retail Rules

The AER's preliminary view from its earlier Issues Paper was to include the following indicators:

- Number of residential customers and small business customers who were disconnected for non-payment
- Number of residential customers and small business customers who were reconnected in the same name and address, within seven days of disconnection
- Number of hardship program customers who were disconnected for non-payment
- Number of hardship program customers who were reconnected in the same name and address, within seven days of disconnection
- Number of customers in receipt of an energy concession who were disconnected for non-payment (see section 3.6)
- Number of customers in receipt of an energy concession who were reconnected in the same name and address, within seven days of disconnection (see section 3.6)
- Number of customers on a payment plan in the previous 24 months who were disconnected for non-payment (see section 3.4)
- Number of customers on a payment plan in the previous 24 months who were reconnected in the same name and address, within seven days of disconnection (see section 3.4)
- Number of customers disconnected for non-payment on more than one occasion (in the same name and address) in the previous 24 months

We proposed using the definition of *de-energisation* (disconnection) specified in the Retail Law i.e. as preventing the flow of energy to a customer's premises.<sup>32</sup> We also proposed using the definition of *re-energisation* (reconnection) specified in the Retail Law i.e. as when the flow of energy to the customer's premises has been restored after de-energisation.<sup>33</sup>

We recommended collecting monthly data (reported to the AER on a quarterly basis) for each of the above indicators.

### **3.5.2 Issues raised through consultation**

There was general support across stakeholders for collecting data on the disconnection and reconnection of residential customers and customers on retailers' hardship programs. Consumer groups and some retailers, including AGL and Origin, also supported the AER collecting information on the number of small business customers disconnected and reconnected. TRUenergy did not support this proposal. It argued that it would be difficult to interpret whether small businesses were disconnected due to retailer practices or because of wider economic reasons, given a large number of small businesses fail every year.

Many retailers did not support collecting the number of repeat disconnections over a 24 month period. AGL suggested that monitoring repeat disconnections be limited to the previous 12 month period as historical information is difficult and costly to obtain.

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<sup>32</sup> s. 2, National Energy Retail Law  
<sup>33</sup> s. 2, National Energy Retail Law

Origin argued that this indicator would not provide information on retailer performance. Retailers also noted that these indicators—which monitor customers over long periods of time, such as 24-months— are of limited value, as many of the customers who are disconnected will switch or change retailers during this period, and will therefore not be captured in the data.

EWON, UnitingCare, CUAC and QCOSS were supportive of this indicator and agreed that a period of greater than 12 months is required to allow for the development of customer history and so that all disconnection procedural requirements could be met. CUAC also agreed that a high number of repeat disconnections reported by a retailer could indicate that it was not identifying customers with ongoing payment difficulties.

EWOV and CUAC recommended collecting the number of wrongful disconnection cases identified.

Most stakeholders supported collecting information on reconnections. EWON stated that the data would enable trends to be identified and retailer performance to be measured. However, AGL disagreed, suggesting that reconnections often reflect customer circumstances as opposed to retailer performance.

There was a mixed response to the seven day timeframe proposed for monitoring reconnections. Origin did not support it, arguing that it is not a good proxy for customer vulnerability. EWON was also unsupportive of this proposal noting that the Retail Rules require retailers to arrange reconnection of a small customer if, within 10 business days, the customer has rectified any matter that led to the disconnection.<sup>34</sup> EWON therefore suggested that monitoring the number of reconnections completed within 10 business days would be more appropriate given this obligation.

QCOSS and CUAC however supported the use of seven calendar days, as it is a measure of customers that remain at the same address and are trying to manage their energy bills, which is a better measure of potential vulnerability. QCOSS considered that whilst a 10 business day timeframe for monitoring reconnections would reflect retailers' obligations it would be less helpful when examining potential vulnerability of disconnected customers. QCOSS also suggested that a seven day timeframe will provide an indication of the performance of retailers in identifying customers experiencing potential payment difficulties or hardship, and in engaging with the customer in a meaningful way.

QCOSS suggested that the AER should collect the total number of customers reconnected in the same name and address (regardless of the time lag between disconnection and reconnection). This was supported by CUAC, PIAC and SACOSS. QCOSS and CUAC considered that where total reconnections were much higher than those within seven days, the AER should investigate the cause for the delay in customers being reconnected.

QCOSS suggested the AER collect the number of disconnections and reconnections for each retailer by distribution network from the distribution businesses, which was supported by CUAC, PIAC and SACOSS. QCOSS argued that this would provide a check against the data reported by retailers and would allow for some analysis of whether there is any geographic bias in disconnection and reconnection activity.

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<sup>34</sup> r. 121(1), National Energy Retail Rules

These consumer groups also recommended collecting when reciprocal contact is made with customers after disconnection warning notices had been issued. They defined reciprocal contact as when the customer actually responds to the retailer's attempts at contact. QCOSS recommended a focus on the rate of successful customer contacts, suggesting this would indicate how effective a retailer is at engaging with the customer and assisting them to remain connected to their energy supply. Furthermore, QCOSS argued that if there was an indicator measuring the number of each type of contact attempts made by retailers, a judgement could be made about whether retailers were using their best endeavours to contact customers prior to disconnection, as required under the Retail Rules.<sup>35</sup>

In addition to the above, QCOSS suggested collecting the number of disconnections where the customer has 'skipped out' on a bill (for example, when the premises is either vacant at the time of disconnection or a new tenant is present). Furthermore, QCOSS, with the support of CUAC, SACOSS and PIAC, recommended collecting data on: the number of customers disconnected where a retailer should not have arranged for disconnection; and the average reconnection fee paid for reconnections.

QCOSS and CUAC also recommended that the AER undertake regular surveys of disconnected customers to better understand their experiences. They argued this may better address questions of vulnerability and retailer engagement with the customer. It may also provide a check of whether the retailer had met all its obligations as required under the Retail Law and Rules.

TRUenergy highlighted in their submission that customer disconnections and debt levels are interrelated. They argued that if retailers are expected to ensure that customers do not accrue excessive amounts of energy bill debt then this will inevitably have a bearing on the number of customers being disconnected (and vice versa). TRUenergy suggested that if the AER is going to monitor retailer performance in these areas it must provide a clear direction on how it expects retailers to perform.

### **3.5.3 AER response**

Given the support from stakeholders, the AER is proposing to retain the indicators measuring the number of residential, hardship and small business customers who were disconnected and subsequently reconnected. We acknowledge the concerns raised by TRUenergy that the disconnection rates for small business customers may be influenced by wider economic factors. These concerns were also raised in our Issues Paper. However, the AER considers that this data is important to collect, particularly given the strong support from stakeholders. We also note that this indicator is currently collected in all jurisdictions and the AER will therefore be able to consider the data reported by retailers against historic data and general economic conditions.

The AER is minded to retain the number of customers disconnected for non-payment more than once in the previous 24 months in the same name and address. Despite the concerns raised by retailers regarding this timeframe, the AER considers that it is an important measure as it will provide a good indication of the extent of customers with ongoing payment difficulties and a retailers' ability to identify these customers and provide appropriate assistance. We are proposing to retain the 24 month time period for this indicator, as it will allow time to develop some customer history, particularly given the time it can take to meet all procedural requirements such as warning notices

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<sup>35</sup> r. 111 (1)(e), National Energy Retail Rules

prior to effecting a disconnection.<sup>36</sup> Furthermore, we note that retailers operating in Tasmania, South Australia and Victoria already report against the indicator.

The AER proposes to include the indicator suggested to measure the total number of customers reconnected in the same name and at the same address during the reporting period (in addition to those customers reconnected within seven days). We consider that it will provide additional context to the number reconnected within seven days and will allow the AER to calculate the proportion of disconnected customers who are able to negotiate their reconnection within seven days. It will also allow the AER to identify where differences in performance occur across retailers.

We are not proposing to include the other additional indicators recommended by consumer groups. The AER considers that monitoring the number of reciprocal contacts made prior to a disconnection would be administratively difficult for retailers to report against. Furthermore, the AER is unclear what conclusions might be drawn from this data. We do not consider that it will provide a good measure of how effective retailers have been at using best endeavours to contact customers prior to effecting a disconnection. In particular this data will not inform stakeholders as to why a contact has not been reciprocated, for example, if the customer was deliberately avoiding contact with the retailer. Nor will it capture the unsuccessful attempts made by retailers to contact customers, which may give a better indication of how retailers are meeting their obligations to use their best endeavours.

The AER does not support an indicator to monitor the number of disconnections where the retailer should not have arranged for disconnection. We consider this more appropriate to examine as part of our wider approach to monitoring retailer's compliance with their obligations in the Customer Framework. We also consider that any poor performance by retailers in this area would likely be alerted to us by customers and energy ombudsman schemes, and therefore a specific indicator in this area is not warranted.

We do not support collecting disconnection and reconnection data from distribution networks. The AER considers it unlikely that disconnections and reconnections will be caused by retailer's spatial or geographic bias, given the requirements specified in the Retail Law and Rules that retailers must meet in order to disconnect customers. We consider that any trends of this nature are more likely to reflect the general socio-economic standing of particular geographic areas. In the event that the AER has reason to believe that rural or regional customers are experiencing payment difficulties with their energy bills and are not being provided with adequate assistance by their retailer, we would investigate these issues or concerns as appropriate. Similarly, the AER recognises the value of undertaking customer surveys to better understand the experience of customers in the retail energy market, particularly customers who have been disconnected. We will consider our capacity to conduct market research as part of our future role under the Customer Framework. It is likely that any such research will be undertaken on an ad hoc basis, particularly in response to emerging trends in the data reported.

The AER is not proposing to collect data on the average reconnection fee paid by customers. The AER considers that it would be difficult to interpret the data as it is unlikely to provide an indication of retailer performance. This is because reconnection

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<sup>36</sup> SCONRRR, Final Paper: National Energy Retail Performance Indicators, May 2007, p 22.

fees are not regulated under the Customer Framework and usually reflect the reconnection fee charged to the retailer by the distributor. Furthermore, it is unclear what conclusions can be drawn about the energy retail market from the data.

In light of the submissions received, the AER will consider how best to include information on the number of wrongful disconnection payments made in Victoria as part of its retail market performance reports. Our approach on this matter will be finalised once it is clear how the Customer Framework and wrongful disconnections scheme will apply in Victoria.

The AER will refine its definition of *disconnection* for non-payment to clarify that it does not include vacant premises and premises where there is a new tenant and the previous tenant did not contact the retailer to finalise their account.

Despite some concerns from Origin and EWON regarding the seven day threshold, the AER considers that it is an appropriate timeframe for monitoring reconnections. The AER notes that this was supported by a number of other stakeholders. When a customer is reconnected shortly after being disconnected this may indicate the customer was disconnected as a result of financial hardship.

In response to the concerns raised by TRUenergy, the AER acknowledges that on occasion retailers need to consider whether to allow customers to continue to accrue levels of energy bill debt or whether to disconnect that customer. In particular, where the retailer believes it is not appropriate to provide further or other forms of assistance. We note there are a number of obligations in the Retail Law and Rules which require retailers to identify customers experiencing payment difficulties, including those in hardship, and take steps to assist these customers to manage their energy bills. In particular, retailers' hardship programs aim to assist customers to avoid disconnection solely due to an inability to afford their energy bills.

We maintain the view that disconnection and reconnection data should be reported monthly and collected quarterly for the indicators measuring the total number of residential and small business disconnections and reconnections. Monthly data will allow for any changes and seasonal trends to be identified. We propose quarterly reporting and collection of disconnection and reconnection data for the residential customer subsets identified above i.e. hardship customers, concession customers, and customers previously on a payment plan. We expect monthly patterns in the disconnection of these customers to be similar to that reported for all residential customers disconnected and so do not consider monthly data for these indicators to be necessary.

### **3.5.4 AER updated proposal**

For the purposes of reporting on disconnections and reconnections, we propose to define *disconnection* or *de-energisation* as preventing the flow of energy to a customer's premises for the non-payment of debt, that is, due to their failure to pay an amount owed.<sup>37</sup> Premises that are found to be vacant at the time of disconnection should not be included. Only disconnections that have been carried out should be reported. Where a disconnection has been requested by the retailer but not actioned, the disconnection should not be included.

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<sup>37</sup> s.2 National Energy Retail Law

We also propose using the definition of *reconnection* or *re-energisation* as when the flow of energy to the customer's premises has been restored after de-energisation (disconnection).<sup>38</sup>

We are proposing to collect the following disconnection and reconnection indicators:

- Number of residential and small business customers who were disconnected for non-payment, in each participating jurisdiction
- Number of residential and small business customers who were reconnected in the same name and address within seven days of disconnection, in each participating jurisdiction
- Number of hardship program customers<sup>39</sup> who were disconnected for non-payment, in each participating jurisdiction
- Number of hardship program customers who were reconnected in the same name and address within seven calendar days of disconnection, in each participating jurisdiction
- Number of energy concessions customers who were disconnected for non-payment, in each participating jurisdiction (see section 3.6)
- Number of energy concessions customers that were reconnected in the same name and address within seven calendar days of disconnection, in each participating jurisdiction (see section 3.6)
- Number of residential customers (excluding hardship program customers) on a payment plan in the previous 12 months who were disconnected for non-payment, in each participating jurisdiction (see section 3.4)
- Number of residential customers (excluding hardship program customers) on a payment plan in the previous 12 months who were reconnected in the same name and address within seven calendar days of disconnection, in each participating jurisdiction (see section 3.4)
- Number of residential and small business customers disconnected for non-payment on more than one occasion (in the same name and address) in the previous 24 months, in each participating jurisdiction
- Total number of reconnections in the same name and address, during the reporting period (regardless of the date of disconnection), in each participating jurisdiction.

We propose to define *in the previous 24 months* as the 24 months (or 8 quarters) prior to the end of (but including) the calendar month to which the report applies.

Data for the disconnection and reconnection indicators relating to all residential and small business customers should be provided quarterly with a monthly breakdown of the data. Other indicators should be provided quarterly (no monthly breakdown required). Gas and electricity customers should be reported separately.

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<sup>38</sup> s. 2, National Energy Retail Law

<sup>39</sup> We propose to define "hardship program customers" as outlined in section 4.1.

## **3.6 Concessions**

### **3.6.1 AER Issues Paper**

The AER must report information and statistics on concessions for customers, where retailers administer the delivery of those concessions. The AER's preliminary view was to collect data on the following indicators:

- Number of customers in receipt of an energy concession
- Number of customers in receipt of an energy concession who were disconnected
- Number of customers in receipt of an energy concession who were reconnected in the same name and address within seven days of disconnection.

The AER sought views on the most appropriate way to report against these indicators to ensure that consistent data is collected—both across retailers and the different energy concessions in each jurisdiction.

### **3.6.2 Issues raised through consultation**

EWON and EOQ supported the indicators proposed. EWON suggested that national research should be carried out comparing the assistance available from energy concessions programs and emergency financial relief, with a view to establishing a more consistent, effective approach across jurisdictions. EOQ suggested monitoring and reporting on retailers who do not apply concessions to customers' accounts.

CUAC and QCOSS (in a submission supported by PIAC and SACOSS) strongly supported the indicators proposed. TasCOSS also supported these indicators and suggested including a number of additional indicators to monitor the experience of customers in receipt of energy concessions. In particular, TasCOSS suggested that each of the indicators proposed to monitor the handling of customers experiencing payment difficulties (see sections 3.1-3.4) be collected separately for concessions customers. It also recommended separately monitoring those concession customers who were given payment extensions; are using payment plans and prepayment meters; as well as collecting their average consumption information. TasCOSS suggested these additional indicators would provide information on the adequacy, or otherwise, of concessions in the various jurisdictions.

Of the retailers who responded to the issues paper, four commented on the AER's proposed concessions indicators, as well as the ERAA. Whilst Origin Energy acknowledged that the Retail Rules require the AER to report on concessions, retailers highlighted that the number of customers to whom a retailer administers an energy concession is not in itself an indicator of their performance. They argued that this data is more likely to reflect the demographics of their customer bases. Origin Energy, in particular, did not support the inclusion of the indicators monitoring concessions customers who were disconnected and reconnected. Ergon Energy and the ERAA also noted that concessions are not just given to vulnerable customers and so should not be used alone as an indication of hardship or a customer's inability to pay. Ergon further suggested that this data would not provide an indication of whether retailers were fulfilling their obligations to inform customers about available energy concessions.

AGL and EnergyAustralia suggested the AER could request this data from the relevant state government departments responsible for concessions, as retailers already report monthly data to them.



With regard to reporting against these indicators, Origin stated its preference is to report on customers who are *eligible for* rather than *in receipt of* an energy concession. It argued that the aim should be to report on each customer who is recorded by the retailer as being in receipt of a concession, rather than to capture those who actually had a concession applied to their account during the reporting period. Origin noted that, depending on the jurisdiction, type of energy concession and reporting period (for example, some concessions are seasonal), customers may have more than one concession, or none at all, applied to their account. Origin suggested these customers should still be captured, and each customer counted only once, for these reporting purposes.

CUAC suggested that reporting the number of customers who are concession card holders (rather than those receiving an energy concession) would provide a broader measure of vulnerability. However, both CUAC and QCOSS acknowledged that retailers may not always know if a customer is a concession card holder, particularly where they are not eligible to receive an energy concession. They therefore supported the AER's proposed approach.

EnergyAustralia suggested the report should focus only on the primary energy concession in each jurisdiction, whilst Ergon suggested it also be limited to those processed and administered by the retailer (for which they will therefore have a record). They noted that this would, for example, exclude the Electricity Life Support Concession in Queensland which is paid directly to the customer by the Department of Communities, rather than being administered through energy retailers.

EnergyAustralia suggested that comparisons between jurisdictions on these measures would be problematic given that the eligibility criteria for energy concessions differ and this would impact the data reported. CUAC and QCOSS suggested the AER list the energy concessions available in each jurisdiction, along with their eligibility criteria and payment details, as part of the AER's energy affordability report to help with this analysis.

### **3.6.3 AER response**

We propose to collect and report on the three indicators proposed in the issues paper.

As noted in the issues paper, monitoring the total number of customers in receipt of an energy concession will allow us to determine the proportion of those customers that are disconnected (and those that are subsequently reconnected within seven calendar days). It will also allow us to determine the proportion of concessions customers that are participating in retailers' hardship programs (see section 4.2). Indicators monitoring the use of prepayment meters (PPMs), including for customers receiving energy concessions, is discussed in section 3.7.

We consider this is an important area to monitor as customers in receipt of energy concessions are more likely to be on a low or fixed income and may therefore be more likely to experience payment difficulties or financial hardship. In particular, we noted a survey cited by the Productivity Commission which showed that 53 per cent of respondents who experienced disconnection from an essential service had been on income support when disconnected.<sup>40</sup>

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<sup>40</sup> Productivity Commission Inquiry Report, Review of Australia's Consumer Policy Framework, April 2008, vol 2

In response to the additional indicators proposed by TasCOSS, we are not proposing to report on the payment difficulties indicators (e.g. the number of customers in debt and their debt levels, the number of customers using payment plans, granted payment extensions etc) separately for customers receiving energy concessions. We consider the proposed indicators (including the hardship program and PPM indicators relating to energy concessions) will provide an appropriate measure of the extent to which energy concession customers are experiencing payment difficulties.

We do not propose to report on average energy consumption for concession recipients. A customer's energy consumption will vary according to a large number of factors including their household size, dwelling type, number of occupants, fuel mix, type of appliances installed and how they are used. Given this large number of variables, we are unclear what conclusions we might draw from this data. We also note that some of this information, or similar information, is already published by other agencies. In particular, the Victorian Department of Human Services publishes consumption data for its concession recipients<sup>41</sup> and the ABS publishes data on the average spend on energy for households in each income quintile.<sup>42</sup> The AER may consider a closer examination of the experience of concessions customers as part of its energy affordability report, on a one off or periodic basis, if particular concerns or issues emerge in this area (see section 2.2 for a full discussion on the AER's proposals regarding its energy affordability report).

We maintain our proposal to require retailers to report the number of customers receiving energy concessions, rather than those who are concession card holders (given that retailers may not always have this information recorded). We are proposing to clarify the definitions and reporting requirements for these indicators to address the issues raised in submissions. Retailers will be required to report the number of customers that are recorded by the retailer as being entitled to receive an energy concession as at the end of the reporting period, where the concession is administered or delivered by the retailer. This is regardless of how many concessions (or rebates etc) were applied to their account during the period. For example, customers who had more than one concession applied to their account in the period should only be reported once. Customers who are recorded by the retailer as receiving a concession which is applied on a seasonal basis (for example, the Winter Energy Concession in Victoria) should also be reported, even during periods where a concession was not applied to their account. Customers who only receive a concession which is not administered or delivered by the retailer (for example, Queensland's Medical Cooling and Heating Electricity Concession Scheme) should be excluded for the purposes of this reporting.

We note that whilst state and territory government departments will have data on the number of customers in receipt of an energy concession, they will not have information on those concession customers who are disconnected (and subsequently reconnected). We therefore maintain that retailers be required to provide data to the AER for each of the three indicators proposed.

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<sup>41</sup> Department of Human Services, Victorian Utility Consumption Household Survey 2007 Final Report, April 2008

<sup>42</sup> Australian Bureau of Statistics, Household Expenditure Survey 2003-04 (cat. no. 6530.0), February 2006

We are not proposing to collect information on retailers who do not apply concessions to customers' accounts. Our view is that any issues or concerns with retailers' performance in this area will be better identified to the AER through complaints from affected customers (to the AER, energy ombudsman schemes and consumer organisations) rather than through a specific indicator.

We consider that EWON's suggestion—to carry out national research comparing the efficacy of jurisdictional energy concessions to establish a more consistent and effective approach—is beyond the scope of the AER's role with regard to its retail market performance reports. We also note stakeholder comments regarding the issues with comparing concessions data across jurisdictions. We are not proposing to publish a list of energy concessions available in each of the jurisdictions as well as their eligibility criteria and payment details in our energy affordability report. We note this information is readily available and published on each of the relevant state and territory government departments' websites as well as on retailers' websites.

We propose to require quarterly reporting for these indicators.

### **3.6.4 AER updated proposal**

We propose to collect the three indicators proposed in the issues paper:

- Number of residential customers that are recorded by the retailer as being entitled to receive a government funded energy concession, where the concession is administered or delivered by the retailer, in each participating jurisdiction
- Number of concessions customers (as defined above) that were disconnected for non-payment during the reporting period, in each participating jurisdiction (see section 3.5)
- Number of disconnected concessions customers (as defined above) that were reconnected during the reporting period in the same name and address within seven calendar days of disconnection, in each participating jurisdiction (see section 3.5).

Retailers will be required to report quarterly data to the AER with separate data for both electricity and gas customers.

## **3.7 Prepayment meters**

### **3.7.1 AER Issues Paper**

The AER must report on the provision of prepayment meter systems (PPMs) to customers, including the total number of customers using PPMs, self-disconnection rates and the number of PPMs removed due to customer payment difficulties.<sup>43</sup>

The AER proposed to collect data on the following indicators:

- Number of customers using PPMs
- Number of PPMs removed due to payment difficulties

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<sup>43</sup> r. 167(1)(c), National Energy Retail Rules

- Number of customers who self-disconnect three or more times in any three month period for longer than 240 minutes on each occasion.

The AER sought stakeholders' views on the suitability of these indicators.

### 3.7.2 Issues raised through consultation

Not all respondents commented substantively on the PPM indicators proposed.

EWON, QCOSS (in a submission supported by PIAC and SACOSS) and TasCOSS supported the AER's proposed indicators. However, they considered that a number of additional indicators were required to fully monitor the use of PPMs.

In addition to monitoring the total number of customers using PPMs, QCOSS and TasCOSS suggested monitoring the number of PPM customers that receive an energy concession. QCOSS highlighted experience from Tasmania which shows a higher rate of customers receiving energy concessions move onto PPM agreements. They argued this is important to monitor given that customers using PPMs have fewer protections from disconnection. EWON suggested a similar indicator, given the requirement in the Retail Rules for PPMs to be able to deliver energy concessions through the meter.<sup>44</sup>

QCOSS and TasCOSS recommended collecting data on the number of PPMs removed for any reason (not just those removed due to payment difficulties as proposed by the AER). EWON also suggested monitoring the number of PPMs removed after the three month trial period.<sup>45</sup>

To monitor self-disconnection rates, we proposed to collect data on the number of customers who self-disconnected three or more times in any three month period, for longer than 240 minutes on each occasion. We proposed this indicator, given retailers' obligations under the Retail Rules to monitor PPM customers and provide them with advice and assistance when they self-disconnect this regularly.<sup>46</sup> QCOSS and TasCOSS did not support this proposal, querying whether it was the most appropriate measure for identifying PPM customers experiencing payment difficulties. Instead, they proposed a range of alternative indicators to measure self-disconnection rates, including: the total number of self-disconnection events; the total number of customers who self-disconnect; those who self-disconnect multiple (2, 3, 4 or more) times in a quarter; as well as the average duration of these self disconnection events. In addition, TasCOSS suggested that the report should include information on the number of PPM concession recipients self-disconnecting once or more.

QCOSS suggested collecting further data on the average amount of credit on PPMs at the end of each quarter and the average number of recharges per customer. Both QCOSS and TasCOSS recommended additional indicators monitoring the use of emergency credit on PPMs, including: the average number of times emergency credit was accessed; the number of customers accessing emergency credit; and the number of customers accessing emergency credit more than once during the period.

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<sup>44</sup> r. 129(8), National Energy Retail Rules

<sup>45</sup> r. 130(1), National Energy Retail Rules specifies that a small customer may withdraw from a PPM retail contract at or before the end of the trial period with no penalty, exit or termination charges or meter removal or conversion charges.

<sup>46</sup> r. 141(2), National Energy Retail Rules

EWON, in its submission, suggested reporting on the availability of recharge facilities. It also suggested the number of adjustments to charges for allowed debt recovery, given the obligations in this area on retailers specified in the Retail Rules.<sup>47</sup>

EOQ and Ergon Energy highlighted that PPMs currently in operation in Queensland are not provided under market contracts and are only available in isolated networks where contestability does not apply. They noted that these PPM customers will not fall under the Customer Framework and Ergon further highlighted that the Queensland Government has proposed that the Customer Framework prepayment meter obligations will not be implemented in Queensland.<sup>48</sup> Furthermore, TasCOSS and EOQ highlighted that the majority of PPMs in Tasmania and Queensland (respectively) are not able to record self-disconnection events. QCOSS and TasCOSS therefore suggested collecting data on the number of PPMs in use that are able to detect and report self-disconnections.

AGL noted that many PPMs are used in holiday homes and the AER would need to consider this when analysing the data reported. AGL also recommended annual reporting against these indicators. Whilst QCOSS supported the AER's proposal to report on a quarterly basis, TasCOSS suggested collecting monthly data.

### 3.7.3 AER response

Given stakeholders' support for monitoring the number of PPM customers that receive an energy concession, and the higher rate of PPM use among energy concession customers in Tasmania,<sup>49</sup> we are proposing to include this indicator. We acknowledge that this data will largely reflect customer choice—providing additional information about the customers who choose PPM market retail contracts—rather than performance by individual retailers. However, we support stakeholders' views that it is important to monitor, given PPM customers have fewer protections from self-disconnection. This information is also likely to be useful for policy makers.

We are not proposing to separately report on the number of PPMs removed for reasons other than financial difficulties. By monitoring the total number of customers using PPMs, and tracking changes in this data over time, we will be able to develop some understanding of both the take-up rate of PPMs by customers and the number of customers reverting back to standard meters. Whilst we will not have exact data on the total number of PPMs removed, or data on those removed after the trial period, the indicators we are proposing to collect will allow us to ascertain general trends in this area. The Retail Law requires the AER to report on the number of PPMs removed due to payment difficulties and we are proposing to retain this indicator. We consider this, alongside self-disconnection rates, to be a key issue to monitor regarding the use of PPMs by customers.

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<sup>47</sup> rr. 133 and 137-138 of the National Energy Retail Rules specify that a retailer is only allowed to recover a debt where a PPM customer is undercharged, or not charged, as a result of: an act or omission of the retailer or distributor; a fault or incorrect operation of a PPM system; or the customer's fraud or intentional consumption of energy not in accordance with energy laws.

<sup>48</sup> Department of Employment, Economic Development and Innovation, *National Energy Customer Framework – Queensland Implementation: Discussion Paper* (June 2010), p. 27

<sup>49</sup> The Tasmanian Energy Regulator noted in its 2008-09 Energy Supply Industry Performance Report (p.130) that 'of the total number of customers on APAYG, customers receiving a pensioner or health care card discount have consistently represented a higher proportion compared to those on standard prices'.

In light of the submissions received, we are no longer proposing to collect data on number of customers who self-disconnect three or more times in any three month period, for longer than 240 minutes on each occasion. We consider the effectiveness of this indicator in monitoring self-disconnection rates may be limited as it may not provide a representative view of the extent of self-disconnection across all PPM customers. Whilst it would capture those PPM customers who are regularly self-disconnecting for extended periods of time (also likely to be an indicator of ongoing payment difficulties) it is not clear what proportion of PPM customers would fall into this category. Furthermore, there is likely to be a number of other PPM customers who self-disconnect less often or for shorter periods of time who would not be captured by this measure.

We are proposing to adopt some wider measures to enable a more comprehensive report on self-disconnection rates. We are proposing three indicators in this area:

- Total number of PPM self-disconnection events
- Total number of PPM customers who self-disconnected
- Average duration of self-disconnection events, and the number of self-disconnection events where the duration was:
  - Between 0 minutes and 12 hours
  - Between 12 and 48 hours
  - Between 2 days and 7 days
  - Over 7 days.

This set of indicators, when considered together, will also provide an indication of whether self-disconnection events are a recurring issue for most PPM customers. For example, if very few customers were reported as self-disconnecting and a high number of self-disconnection events was also reported, this is likely to indicate that some customers are self-disconnecting multiple times.

Further, monitoring the duration of self-disconnection events may enable the AER to draw conclusions about how quickly customers are able to recharge their PPM and reconnect their supply. Shorter periods of self-disconnection (for example, those less than 12 hours duration) may imply that customers have income available to recharge their PPM and reconnect their supply. A longer duration of self-disconnection events may mean that customers are unable to readily top-up their PPM and are remaining off-supply for periods of time, indicating payment difficulties.

Monitoring the number of self-disconnection events across these time bands will assist in understanding the extent to which self-disconnections are reflective of payment difficulties. It may also help to understand where this data may be impacted by PPMs in holiday homes, which are likely to be unoccupied for long periods of time. The AER will be mindful of this when considering the data reported and may seek further information from retailers to help explain any trends evidenced.

We recognise that the PPM provisions in the Customer Framework will only apply where a jurisdictional local instrument permits their use.<sup>50</sup> However, we consider that data on the number of PPMs in use that are able to detect and report self-

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<sup>50</sup> s.56, National Energy Retail Law

disconnections will be useful in providing context to the data reported against the other PPM indicators. We are therefore proposing to consider the ability to collect this data once it is clear how the Customer Framework (and in particular the PPM provisions) will apply in each jurisdiction. We understand that the arrangements for the use of PPMs are likely to vary across participating jurisdictions, for example some states may not allow the use of PPMs and others may permit their use but not apply the Customer Framework provisions (in all or part). Further consultation on monitoring in this area may be required once transitional arrangements are in place.

We are not proposing to separately monitor the number of self-disconnections for PPM customers receiving an energy concession. It may be possible to attribute the number of self-disconnection events for concession PPM customers by considering the total number of self-disconnections in light of the proportion of PPM concession customers. This may be an area where we consider collecting additional data, should we be made aware of concerns or trends which indicate PPM concession customers are more susceptible to self-disconnection.

We are not proposing to collect data on the average amount of credit on PPMs; whether emergency credit is accessed; or the number and amounts of customers' PPM recharges. We are unclear what conclusions or inferences may be drawn from this data. Many PPM customers may choose to wait until they have accessed the emergency credit on their PPM before recharging their meter, using this as a signal or reminder to top-up their PPM with more credit. Furthermore, customers may choose to recharge their PPM with smaller amounts on a more frequent basis or they may choose to sporadically top-up their PPM with larger amounts. This is likely to reflect the customer's personal circumstances, including how frequently they receive income and how they prefer to manage their household budget.

We are also not proposing to collect information on the availability of recharge facilities. It is noted that retailers are required, under the Retail Rules, to advise customers of the location of recharge facilities<sup>51</sup> and to ensure that such facilities are available at a minimum of two locations that are readily accessible to the customer.<sup>52</sup> The AER will monitor retailers' compliance with their obligations under the Customer Framework as part of its general approach to compliance.

We do not propose to report on the number of adjustments to charges to allow for debt recovery. We consider that the AER will become aware of any issues in this area through other means (for example through complaints to energy ombudsman schemes or from customers themselves) and a specific indicator is not warranted. This may be an area where we consider collecting additional data, should we be made aware of concerns which indicate high numbers of adjustments of charges or faulty PPMs.

We consider that quarterly data reported on these PPM indicators will allow the AER to identify any seasonal trends and changes in the data, and therefore more frequent data collection is not warranted.

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<sup>51</sup> r. 147(7)(b), National Energy Retail Rules

<sup>52</sup> r. 142(1)(a), National Energy Retail Rules

### **3.7.4 AER updated proposal**

The AER proposes to include the following indicators:

- Total number of customers using PPMs as at the last day of the reporting period, in each participating jurisdiction
- Number of PPM customers that receive an energy concession as at the last day of the reporting period, in each participating jurisdiction
- Number of PPMs removed due to payment difficulties during the reporting period, in each participating jurisdiction
- Number of customers using a PPM, where the PPM is able to detect and report self-disconnections as at the last day of the reporting period, in each participating jurisdiction
- Number of PPM self-disconnection events during the reporting period, in each participating jurisdiction
- Number of customers who self-disconnected during the reporting period, in each participating jurisdiction
- Average duration of self-disconnection events during the reporting period, in each participating jurisdiction
- Number of PPM self-disconnection events during the reporting period (for each participating jurisdiction) where the duration was:
  - Between 0 minutes and 12 hours
  - Between 12 hours and 48 hours
  - Between 2 days and 7 days
  - Over 7 days.

The AER proposes reporting on these PPM indicators on a quarterly basis. Retailers will be required to provide data electricity and gas customers.

Where a retailer does not have any gas PPM customers, or any PPM customers at all, 'N/A' should be entered in the appropriate column.

## **3.8 Security deposits**

### **3.8.1 AER Issues Paper**

The AER must report on the number and aggregate value of security deposits held by each retailer as at 30 June each year.<sup>53</sup> Our preliminary view was to collect data on the following indicators:

- Number and aggregate value of security deposits held by retailers for residential and small business customers
- Number and value of security deposits held for longer than 12 months for residential customers and 24 months for small business customers.

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<sup>53</sup> r. 167(1)(g), National Energy Retail Rules



The AER sought views on whether the above indicators were supported and whether more frequent reporting would be appropriate, particularly regarding monitoring the timely return of security deposits.

### **3.8.2 Issues raised through consultation**

Six respondents commented on the proposed indicators to monitor the use of security deposits.

The two retailers who responded (Ergon Energy and Origin) accepted the proposed indicators in light of the requirement in the Retail Rules to report in this area. They suggested annual reporting would be sufficient and argued that there were no demonstrated benefits from more frequent reporting.

EOQ and EWON supported the proposed indicators. CUAC and QCOSS also supported the proposed indicators but suggested that quarterly reporting (instead of annual) was important as this would allow for any seasonal trends to be identified. QCOSS noted in its submission, that in 2008–09, there was an increase in the number of security deposits held for small gas customers in South Australia during the second and third quarters of this reporting period that was not evident in the number held as at 30 June. QCOSS' submission was supported by PIAC and SACOSS. QCOSS also suggested that if, over time, quarterly data does not reveal any concerns or seasonal changes in the data then it may be appropriate to move to annual reporting.

### **3.8.3 AER response**

We propose to collect and report on the security deposit indicators put forward in the issues paper.

We note the issues raised by some consumer groups around only collecting this data annually and therefore propose collecting data on these indicators on a quarterly basis. This will allow us to more promptly identify and take action on any potential compliance issues concerning the timely return of security deposits. This will also enable the AER to identify and monitor any seasonal trends, for example, an increase in requests for security deposits by retailers at particular times during the year.

We propose collecting this data for all security deposits held by retailers, including under both standard and market retail contracts. As the obligation to return security deposits within a certain timeframe may not apply to customers on market retail contracts we note that data on the timely return of security deposits may not reflect potential instances of non-compliance by retailers. However, we remain of the view that this data is important to collect and monitor. Where high numbers are reported against these measures we may seek further information from retailers to understand the circumstances under which they are requesting security deposits from customers and when they are returned.

### **3.8.4 AER updated proposal**

We propose to maintain our preliminary view, as set out in the Issues Paper, to collect the following indicators:

- Number and aggregate value of security deposits held by retailers for residential and small business customers, by participating jurisdiction
- Number and value of security deposits held for longer than 12 months for residential customers and 24 months for small business customers, by participating jurisdiction.

We propose to collect separate data for electricity and gas and for residential and small business customers by jurisdiction, at the last day of each quarter. This data is then reported to the AER on a quarterly basis. For the avoidance of doubt, retailers are to provide the number and value of all security deposits held, including under both standing and market retail contracts.

Only retailers who supplied small customers during the period will be required to report on security deposits. Retailers who did not supply small retail customers should enter 'N/A' in the column.

## **3.9 Customer service**

### **3.9.1 AER Issues Paper**

The AER must report on customer service by retailers.<sup>54</sup> Our preliminary view was that a key area of retailers' customer service to measure is the timelines of their response to customer telephone enquiries. In particular, we considered it appropriate to focus on those calls that are forwarded to a live operator (or customer service officer) for response, including sales calls. We did not propose to monitor the total number of calls to the call centre or the calls that are handled by a retailer's automated telephone systems<sup>55</sup> where the customer does not opt to speak to an operator.

The following four indicators were proposed:

- Total number of calls to an operator or customer service officer, including sales calls and any abandoned calls to an operator
- Number and percentage of calls forwarded to an operator that are answered within 30 seconds
- Average time before an operator answers the call
- Number and percentage of calls abandoned before being answered by an operator.

We sought views on whether these indicators were supported and whether there are other possible areas of retailer customer service performance that should be monitored, including for example the useability of retailers' automated telephone systems. We also queried whether customer service indicators in relation to distributors, which are not captured in distribution service standards or guaranteed service levels schemes, should be included in the retail market activities review.

We proposed to collect data in relation to customer service by jurisdiction and to collect overall call centre performance statistics, without reference to different categories of customers.

### **3.9.2 Issues raised through consultation**

Nine respondents commented on the customer service indicators in their submissions.

AGL, ERAA, Ergon Energy and Origin generally supported the proposed indicators. They noted that the indicators are already reported on in each of the jurisdictions and

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<sup>54</sup> r. 167(1)(a), National Energy Retail Rules

<sup>55</sup> Most retailers have implemented Integrated Voice Response (IVR) technology in their call centres, which allows customers to service their own enquiries by following the instructions and navigating menu choices via the telephone keypad or by speech recognition.

are sufficient to draw some inferences about the quality of a retailer's customer service.

Ergon Energy and Origin supported the AER's proposal to not require reporting by customer segment (given the impracticalities of this) and Ergon Energy agreed with the AER's proposal to report data consistently with the SCONRRR framework and definitions.<sup>56</sup> Origin also noted that it was not possible to separate electricity from gas calls, but that measuring overall call centre performance was appropriate. Some stakeholders considered that data should be collected on a state/territory basis rather than a national basis. The ERAA however highlighted that some retailers may not be able to report call centre performance data separately for each jurisdiction, where they operate national call centres or have call centres that cover more than one jurisdiction.

In its response, TRUenergy suggested that call centre performance indicators were irrelevant in a market with full retail competition (FRC) as customers who are unhappy with the level of service, can and do switch to other energy providers. It also suggested that the proposed indicators would be insufficient to assess whether a retailer's customer service, in its entirety, was good or bad.

EOQ and EWON supported the AER's proposals. EWON further considered that it was important to maintain the current jurisdictional indicators to enable comparisons with data from previous years. It also suggested measuring the number of successful call backs, noting that a retailer not returning customers' calls as agreed is a common cause for complaints.

CUAC and QCOSS agreed with the proposed indicators and suggested a further two indicators monitoring customers' use of interpreter services and text telephone and relay services. They supported the idea raised by the AER of occasionally examining other aspects of retailer's customer service, for example undertaking customer surveys to assess the quality and useability of retailers' automated telephone systems. PIAC and SACOSS supported QCOSS' submission.

Ergon Energy noted that distributor service delivery is separately regulated and monitored, including through guaranteed service level schemes, minimum service standards and complaints management. It did not support similar indicators monitoring customer service for distribution businesses. QCOSS and CUAC commented that if equivalent customer service indicators are collected for distributors and are not published elsewhere, they should be included in the AER's retail market performance reports.

QCOSS and CUAC supported the collection of data for these indicators on a monthly basis, as this will allow trends and changes to be identified more easily. They recommended that the AER report these indicators quarterly.

### **3.9.3 AER response**

We propose to retain the four indicators considered in the Issues Paper. These indicators were generally supported in the submissions received and will provide a

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<sup>56</sup> The Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements (SCONRRR) Retail Working Group in its National Energy Retail Performance Indicators paper discussed ways to improve the consistency of data collected by regulators and enable better comparisons to be made across jurisdictions to assist in the transition to a national reporting framework.

good overall measure of retailers' performance regarding the quality of service they provide to customers.

In light of the submissions received, we maintain the view not to require retailers to report data separately for each customer segment (for example, residential and businesses customers) or separately for electricity and gas calls. We also note concerns that some retailers may not be able to report call centre performance data separately for each jurisdiction (particularly where a retailer operates a single national call centre). We are therefore proposing that these indicators be reported for each retailer on a national basis.

Whilst we acknowledge the comments made by TRUenergy, we consider that these call centre indicators do provide a measure of retailers' customer service levels, because they focus on one of the key interfaces between retailers and their customers.

We are not proposing to report on the number of successful call backs a retailer makes. We consider this information would be administratively difficult for the retailer to record and report. Furthermore, we consider that the proposed indicators will be sufficient to provide a good indication of the overall quality of retailers' customer service performance.

We do not propose to include the additional two indicators monitoring the use of interpreter services and text telephone and relay services by customers. Where retailers are required to provide these services to their customers, the AER will monitor retailers' compliance with these obligations as part of its general approach to compliance. We consider that collecting and monitoring data on the number of customers using these services is more likely to reflect the composition of a retailer's customer base and would not necessarily provide an indication of a retailer's performance. Furthermore, it is unclear what conclusions or inferences might be drawn from higher or lower numbers reported or from changes in trends over time or across retailers.

We are not proposing to collect and report on customer service indicators for distribution businesses in the retail market performance report. As part of the revenue determination process under the national electricity rules, we will collect and report information on electricity distributor call centre performance each year.

We consider that quarterly data will allow the AER to identify any seasonal trends and changes in the data and that more frequent data collection is not warranted.

#### **3.9.4 AER updated proposal**

We are proposing to collect the following indicators:

- Total number of calls to an operator or customer service officer, including sales calls and any abandoned calls to an operator
- Number and percentage of calls forwarded to an operator that are answered within 30 seconds
- Of those calls forwarded to an operator, the average time before an operator answers the call
- Of those calls forwarded to an operator, the number and percentage of calls abandoned before being answered by an operator.

We propose collecting data for each retailer on a national basis. Retailers will be required to collect the data on a quarterly basis and report to the AER at the end of each quarter. Retailers will be required to report national figures, under a single ‘energy’ category (without distinguishing between residential and small business customers, or electricity and gas telephone calls).

We will also consider undertaking further assessments of retailers’ customer service performance on an ad-hoc basis. This is likely to be in response to issues or concerns raised regarding retailer performance in this area or emerging trends in the data that may warrant further investigation. For example, we may decide to undertake an independent survey on the quality of retailers’ responses to their customers and levels of customer satisfaction as well as the useability of retailers’ automated telephone systems.

## **3.10 Complaints**

### **3.10.1 AER Issues Paper**

The AER is required to report on customer complaints to retailers.<sup>57</sup> Our preliminary view was to require retailers to report on:

- Total number of complaints
- Number of marketing complaints
- Number of billing complaints
- Number of customer transfer complaints, and
- Number of other complaints.

We sought views on the definition of a ‘complaint’ more broadly, as well as for each of the complaint categories put forward. We also sought views on how to effectively compare data reported by retailers with that reported by energy ombudsman schemes.

### **3.10.2 Issues raised through consultation**

There was support across the range of stakeholders for the preliminary indicators put forward in the Issues Paper. However, Origin suggested that it would be difficult for the AER to form any view about the effectiveness of retailers’ complaints handling processes using these statistics, due to the differences across retailers in terms of their ‘complaints culture’. For example, differences in the data reported may reflect the fact that some retailers are more willing to record and report a complaint than other retailers. EOQ supported the indicators suggesting that they may help to identify retailers with inadequate complaints handling systems as well as systemic issues.

In addition to the preliminary indicators put forward in the issues paper, EWON and EWON suggested that the AER also collect and report on the number of customer service complaints. They argued that issues with poor customer service can be a significant driver of complaints. QCOSS (in a submission supported by PIAC and SACOSS) and CUAC suggested an additional indicator to report on the timeframes in which complaints are resolved by retailers. However, Origin commented that the

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<sup>57</sup> r. 167(1)(a), National Energy Retail Rules

majority of complaints are handled by retailers' call centre staff with the resolution negotiated on the call and that generally, there is no start or end time recorded when handling and resolving these complaints. Origin also suggested that where start and end times are recorded (i.e. complaints that are escalated from the call centre, referred by the energy ombudsman schemes etc), the data may not accurately reflect the time taken to resolve a complaint as it will include administrative times allowable under the various schemes to investigate and respond to these complaints. Origin highlighted that keeping the customer appropriately informed of the progress of their complaint was often more important than the time taken to resolve the issue.

There was little support in submissions for collecting data on the number of 'affordability' complaints. Origin noted the difficulty in distinguishing this type of complaint with complaints about other billing issues, in particular high bills.

Consumer groups, retailers and energy ombudsman schemes supported the AER's proposed definitions of a 'complaint' and those for each of the complaint categories (based on SCORRR's definitions and ISO10002)<sup>58</sup> as set out in the Issues Paper. Reporting of electricity and gas complaints data together under a combined 'energy' category was also supported.

CUAC and QCOSS recommended that where a customer contacts a retailer to complain and raises a number of issues during that contact, that each issue is recorded by the retailer as a separate complaint. Energy Australia sought clarification as to whether the complaints data reported by retailers should also include ombudsman matters. Ergon suggested that the AER convene a group to ensure that the data is accurately captured and reported consistently across retailers.

Consumer groups and energy ombudsman schemes were generally supportive of separate reporting for residential and small business customers. Retailers didn't oppose although some noted that the existing internal capability for separating complaints data on this basis may vary by retailer and jurisdiction. CUAC and QCOSS supported quarterly reporting of this information with a monthly breakdown. However, AGL preferred six monthly or annual reporting with a quarterly breakdown.

CUAC, QCOSS and EWON supported comparing retailer complaints data with complaints data from the energy ombudsman schemes. EWON suggested that a comparison of this data can also identify when retailers have not been defining or recording complaints correctly. It suggested that all levels of complaint received by energy ombudsman schemes would be relevant for the purposes of this comparison, including those that are not investigated such as enquiries and contacts referred back to the retailer.

Retailers were less supportive of this suggestion. AGL noted that a comparison with ombudsman data may not indicate non-compliance or reflect performance by a retailer in a specific area. Origin noted it would be difficult to form a view about the effectiveness of complaints handling from comparing this data as some retailers may be more open to providing access to the ombudsman schemes than others. It

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<sup>58</sup> SCORRR defined a complaint as "an expression of dissatisfaction made to an organisation, related to its product/services, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected". This is based on the International Standards Organisation (ISO 10002) definition of a complaint.

suggested that the AER look at the issues that go to the energy ombudsman schemes and compare retailers on that basis.

### **3.10.3 AER response**

We propose to maintain our preliminary view to collect the number of customer complaints broken down into the categories set out in the issues paper.

We do not propose to collect data on customer service complaints as a separate category. We consider that most complaints made by customers, particularly those to energy ombudsman schemes, will involve an element of dissatisfaction with the level of customer service received, hence the need to complain. This is likely to result in considerable overlap between complaints recorded in the customer service category and the complaints recorded in the relevant category reflecting the underlying issue of concern. It may also be difficult for retailers to consistently determine where a complaint made by a customer also involves a complaint about customer service, making it difficult to reliably compare data across retailers. Complaints which solely relate to customer service will be recorded under the 'other' complaints category.

Similarly, we are not proposing to collect data separately for complaints about energy affordability. We agree that there is often likely to be considerable overlap between affordability and billing complaints which may make it difficult for retailers to accurately and consistently record and report this data.

We do not propose to report on the number of complaints resolved within specified timeframes. Different types of complaints may take longer or shorter periods to resolve. This can depend on how complex the issue is and any actions that may be required to resolve the matter (for example, meter reads and tests etc). It may not always reflect better customer service by retailers or an improved ability to handle complaints. We recognise that the length of time taken to resolve some complaints, particularly those to ombudsman schemes, may depend on the time permitted for the retailer to investigate the complaint and for the ombudsman scheme and customer to respond to the retailer's investigation of a complaint. We also acknowledge the difficulty in recording the timeframe for resolving some types of complaints, in particular those which are resolved during the initial phone call to a retailer's call centre staff. We consider that where complaints do take longer to resolve it is important for retailers to keep customers appropriately informed and updated on the progress of their matter. We expect that any concerns regarding a retailer's performance in managing complaints will be alerted to us from either customers themselves or increases in complaints to energy ombudsman schemes. We will then be able to consider whether further action or monitoring in this area is required.

We propose to require retailers to report customer complaints data on a quarterly basis provided quarterly to the AER. This will allow the AER to identify any seasonal trends (for example increased billing complaints after high seasonal bills) and the impact of certain events on the number of complaints e.g. increases in prices. Further, we consider that quarterly reporting of complaints data by retailers (rather than on a six-monthly or annual basis) will allow the AER to promptly identify, and take action on, any systemic or potential compliance issues that may arise.

Where a single customer contacts their retailer to complain about a number of issues, we are proposing that each issue be recorded as a separate complaint. For example, if a customer called to complain about a high bill as well as the retailer's marketing practices, a complaint would be recorded in both the billing and marketing categories.

Retailers should record all complaints they receive, including those that have been made to the relevant energy ombudsman scheme.

In response to Ergon's concerns about ensuring consistency and comparability in the data reported by retailers, the AER's Performance Reporting Procedures and Guidelines will specify the form and manner in which complaints data must be provided to the AER. This will include the definition of a complaint and the categories of complaints to be reported. The AER will also discuss in detail these reporting requirements with stakeholders in the lead up to the transition and implementation of the national framework.

We maintain the view in the issues paper that comparing retailer complaints data with complaints data from energy ombudsman schemes will provide an indication of how well a retailer is actively managing the complaints it receives. Origin suggested that some retailers may be more open to advising their customers of available energy ombudsman schemes and that this could impact the data reported and the perceived performance of retailers. We note however the common requirement in the Retail Law for all retailers to inform small customers of their ability to make a complaint to the relevant energy ombudsman scheme where they are not satisfied with how the retailer has handled their complaint, and to provide the relevant contact details.<sup>59</sup> We support EWON's view that a comparison of ombudsman and retailer complaints data may indicate where a retailer is not recording or defining complaints correctly. The AER is currently liaising with the various energy ombudsman schemes to determine the most effective ways to compare complaints data across the various jurisdictions.

#### **3.10.4 AER updated proposal**

We propose to maintain our preliminary view, and adopt SCORRR's complaints definitions, to collect data on:

- Number of marketing complaints – including those regarding sales approach or conduct, advertising campaigns, contract terms, sales techniques, misleading conduct
- Number of billing complaints – including those regarding prices, overcharging, high bills, billing errors, payment terms and methods, failure to receive government rebates and debt recovery practices
- Number of customer transfer complaints – including the failure to transfer within a certain period, disruption of supply due to transfer, and billing problems directly associated with transfer, and
- Number of other complaints – including complaints about the quality and timeliness of retail service other than billing complaints, marketing complaints and transfer complaints. Examples may include poor service, privacy issues, failure to respond to complaints, and health and safety issues.

The total number of complaints will be calculated by summing the number of complaints reported by retailers for each of the four categories listed above. Retailers will not be required to separately report this data to the AER.

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<sup>59</sup> s.82(5) National Energy Retail Law



Retailers must provide aggregate data for the relevant quarter and report this on a quarterly basis to the AER. Retailers should report separate data for residential and small business customers in each participating jurisdiction. Separate reporting of electricity or gas complaints is not required.

For the avoidance of doubt, where a single customer calls to complain about a retailer regarding a number of issues, each issue is to be recorded as a separate complaint. For example, if a customer called to complain about a high bill as well as the retailer's marketing practices, a complaint would be recorded in both the billing and marketing categories. Retailers who did not supply small residential customers should enter 'N/A' in the column.

## 4 Hardship Program Indicators

In April 2010 the AER published an Issues Paper on developing the hardship program indicators.<sup>60</sup> It discussed the purpose of the indicators, examined hardship indicators already in place and sought stakeholders' views on a number of issues raised throughout the paper. On 28 May, the AER hosted a forum at which stakeholders were invited to discuss the issues raised in the paper and provide feedback on the proposed indicators. The AER received 23 written submissions to its Issues Paper.<sup>61</sup>

Following the first stakeholder forum in May, the AER requested to meet with energy retailers individually to discuss their hardship policies and programs. Throughout July and August 2010, AER staff met with fourteen retailers. These discussions with retailers allowed the AER to gain a better understanding of their hardship policies, how they operate in practice and how retailers themselves monitor and measure how their policies and programs are working.

In light of the discussions at the first stakeholder forum, submissions received to the Issues Paper, and meetings with retailers, the AER considered a number of amendments to the hardship program indicators. The AER hosted a second stakeholder forum on 9 September 2010 to discuss these possible amendments. At this forum stakeholders discussed the advantages and disadvantages of the indicators considered in the Issues Paper, as well as a number of alternative indicators suggested by respondents in submissions. The forum gave stakeholders the opportunity to discuss the indicators and provide feedback on the various options and amendments put forward for consideration.<sup>62</sup>

In October 2010, the AER held further meetings with retailers and the ERAA to discuss their views on the indicators. The AER also hosted a separate meeting with consumer groups and energy ombudsman schemes to seek their views on the indicators and to discuss the views and concerns put forward by retailers.

This paper presents the AER's updated proposals for the hardship program indicators. It provides a summary of the issues raised by stakeholders at forums and in their written submissions.

### 4.1 Entry into hardship programs

#### 4.1.1 AER Issues Paper

The AER proposed to collect data on the number of customers on a retailer's hardship program as well as the number of customers entering the program. The AER considered that these would provide an overall picture of the level of activity by retailers in this area and the demand from customers for hardship assistance. In particular, the number of customers on a hardship program will be critical in providing context, as it will be the baseline against which to interpret retailer performance and the data from the other hardship indicators. For example, it will

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<sup>60</sup> See the AER Issues Paper at: <http://www.aer.gov.au/content/index.phtml/itemId/736022>

<sup>61</sup> Appendix C includes a list of those organisations who responded to the issues paper. Copies of the submissions received are available on the AER website (at the link above).

<sup>62</sup> Further information on the second stakeholder forum, including presentation slides and a summary of possible revisions to the indicators is available on the AER website (at the link above).

enable the AER to calculate the proportion of hardship customers receiving concessions and excluded from the program for non-compliance etc. The number of new customers entering the program may also provide an indication of retailer staff awareness of the hardship policy and the accessibility of the program.

The AER proposed that monthly data be collected by retailers and reported on a quarterly basis to the AER. The AER considered that this data should be recorded by retailers as at the last day of each calendar month to ensure consistency in reporting. The AER sought views on whether both gas and electricity hardship customers should be reported separately.

#### **4.1.2 Issues raised through consultation**

There was general support across stakeholders for including both of these indicators. Many respondents agreed that they would provide an overview of retailers' activity in this area and that that the total number of customers on the program was important to normalise data collected from other indicators.

Some retailers expressed concerns about how the data may be interpreted. In particular, retailers cautioned that the indicators would provide little or no measure of retailer performance, as the figures reported would primarily be driven by customer need for hardship assistance. AGL and Ergon Energy expressed concern with the AER's expectation that over time the number of customers on retailers' hardship programs, as a proportion of their total number of customers, will generally be similar for most retailers. They argued that some assessment of the differences between retailers, including their size, customer base and hardship policies would be required to make this data meaningful. They suggested that other factors, such as the geographic location within which a retailer operates and the wealth profile of its customer base, may also influence the number of customers on a retailer's hardship program.

Origin acknowledged that these indicators may be of use but argued that it would be difficult to judge a retailer's performance from this data as there is no optimal number or best practice benchmark against which retailers can be compared.

Many respondents agreed that it is necessary to define what *on the hardship program* means and when it occurs, to ensure consistency in reporting. EWOV recommended it be defined as when 'a customer has been formally accepted into the retailer's program after a discussion of the rights and obligations of both parties involved'. Similarly, Ergon Energy suggested that it be defined as 'the assessment by the retailer that the customer has satisfied the eligibility criteria specified in the retailer's approved hardship policy'. Origin suggested using when customers are 'on a payment plan' as a starting point to define *on the hardship program*. Origin and QCOSS also recommended that retailers could each develop their own definition and provide it to the AER when they submit their data.

EWON suggested that it may be useful to monitor dual fuel customers on retailers' hardship programs separately. However, other submissions supported separate reporting of gas and electricity customers, where dual fuel customers on the hardship program for both fuels would be counted twice (once for each fuel). Many also supported collecting the data on a jurisdictional basis and as at a specific date, with the last day of the reporting period preferred. While consumer groups were supportive of monthly data reported to the AER on a quarterly basis, some retailers claimed that this would be costly and instead recommended reporting on an annual basis only.

### 4.1.3 AER response

Given the strong support in submissions for including these two indicators, the AER is proposing to retain them as part of the hardship program indicators. This data is important to collect as it will provide an overview of retailers' activity in this area. The AER will primarily use the data from these indicators to provide a baseline measure to help interpret the data from other indicators (for example to calculate the proportion of hardship customers in receipt of a concession; disconnected; excluded from the program for non-compliance etc).

The AER recognises that this data will be impacted by general economic trends and the socio-economic profile of retailers' customer bases, which is likely to reflect the broader need for hardship assistance across customers, rather than individual retailer performance. The AER also considers that this data will be impacted by customer and third party (e.g. welfare agencies) awareness of retailers' hardship programs and how accessible they find these programs. This in turn will reflect retailer performance in how hardship programs and policies are promoted and publicised, how retailer staff are trained to identify customers in need of hardship assistance and accept referrals to their program from third parties. It may also reflect the entry criteria that a retailer applies to its hardship program.

To ensure robust interpretation of this data, the AER will encourage retailers to provide accompanying commentary to highlight and explain where particular factors are influencing the data reported. The AER may also seek further information from retailers to understand these drivers where data reported by individual retailers appears out of step to that reported previously or across the industry as a whole.

To ensure consistency in reporting across retailers and comparability of data, the AER considers it critical to have a standard definition specifying what *on the hardship program* means and when this should be recorded as occurring. The AER propose to define this as occurring 'when a customer has been accepted into the retailer's hardship program and removed from normal debt collection activity'.

The AER proposes retailers report monthly data to the AER on a quarterly basis. This will allow for any seasonal trends or anomalies in the data to be identified and, where appropriate, promptly queried or acted upon.

### 4.1.4 AER updated proposal

For the purposes of the hardship program indicators, we propose to define *on a hardship program* as occurring 'when the customer has been accepted into the retailer's hardship program and removed from the normal debt collection activity'.

We propose to collect:

- Number of customers on a retailer's hardship program (hardship program customers) at the end of the reporting period in each participating jurisdiction.

We propose that the data be reported separately for gas and electricity customers.

We consider that monthly data should be reported on a quarterly basis. Data for the total number of customers on the hardship program should be recorded on the last day of each month in the reporting period.

We propose to calculate the number of customers who entered each retailer's hardship program by subtracting the number of customers reported as exiting the hardship program (see section 4.7) from data retailers report on the total number on the

program (as above). Retailers will therefore not be required to separately report on the number of customers entering the hardship program each month.

## **4.2 Hardship program customers receiving concessions**

### **4.2.1 AER issues paper**

The AER proposed to collect the number of hardship program participants who are in receipt of an energy concession administered or delivered by the retailer. The AER suggested this would provide insight into how retailers target and identify customers who may be experiencing hardship. Furthermore, given that retailers are required to identify appropriate government concession programs and to notify hardship customers of those programs, we suggested that the numbers reported against this indicator may be high, or increasing, as a proportion of the total number of customers in the hardship program. The AER proposed that retailers would report monthly data to the AER on a quarterly basis.

### **4.2.2 Issues raised through consultation**

Retailers had a mixed response to this indicator. Many only supported the inclusion of this indicator if the data was collected for information purposes only. In particular, Ergon Energy suggested that it would not provide evidence of the responsiveness of a retailer's hardship program or whether it was providing information to its hardship program customers about concessions. Ergon Energy advised that, in its experience, financial hardship is typically triggered by a reduction of income or loss of a job, while many customers receiving government energy concessions are able to satisfactorily manage payment of their energy bills.

Integral Energy supported including this indicator, stating that it currently collects this information to provide insight into the number of Centrelink beneficiaries utilising their hardship program. Further, AGL suggested this indicator could provide information to inform and support new social policy initiatives. For example, if high numbers of hardship program customers were reported as receiving energy concessions this may indicate that energy concessions are inadequate, as these customers require assistance from retailers' hardship programs to help manage their ongoing energy bills.

Conversely, ActewAGL did not support the inclusion of this indicator, suggesting that it would unnecessarily add to the compliance burden of retailers without providing useful information to policy makers.

At the AER's October forum with retailers and the ERAA, retailers advised that they now supported the inclusion of this indicator, citing that it may be useful from a social policy perspective and to help understand some of the demographics of customers requiring hardship assistance. Retailers did not support the indicator being used as a measure of retailer performance.

There was overwhelming support from consumer organisations and energy ombudsman for this indicator. CUAC agreed with the AER's suggestion that the data is important as it may provide insight into retailer performance in relation to identifying customers who may be experiencing hardship. It may also highlight whether retailers are advising hardship customers about government concession

schemes. EWOV noted that it would be a useful indicator if it was considered alongside the proportion of customers receiving a concession among the retailer's entire residential customer base.

CUAC suggested the AER consider collecting the number of hardship program participants who are concession cardholders, rather than the number eligible for an energy concession, as this would provide a broader measure of vulnerability. They noted that in some jurisdictions, not all concession cardholders may be eligible for an energy concession. QCOSS noted that whilst a retailer should always check whether a hardship program customer is eligible for an energy concession, in the event they are not, the retailer should not be expected to record the customers' concession card status.

QCOSS considered that 'concessions' should refer to an ongoing government energy concession rather than one-off government grants or subsidies. Further, Ergon Energy suggested that reporting on concessions should be limited to those that are processed, administered or delivered by the retailer, so that the retailer will therefore have a record with respect to the customer for reporting purposes.

EIOSA suggested that monitoring what information retailers provide to customers about the availability of concessions may be a more useful indicator.

### **4.2.3 AER response**

Given the support in submissions, the AER is proposing to retain this indicator. The AER considers that it will provide some important demographic information on who is accessing retailers' hardship programs and may be useful for policy makers in understanding the additional assistance provided to energy concessions customers. We also recognise that this indicator will largely reflect the personal circumstances of those customers on retailers' hardship programs, rather than the performance of retailers per se. However, actions by retailers to advise hardship program customers of available concessions may have an impact on the data recorded. The AER notes that we are proposing to require retailers to report on the number of hardship program customers notified of concessions under their program (see section 4.9).

The AER is also mindful that energy concessions differ across each of the jurisdictions and will consider this when interpreting the data reported by retailers.

The AER does not support the alternative suggestion to monitor the number of concession cardholders on hardship programs. As highlighted by QCOSS, retailers may not record information about a customers' concession card status if the customer is not eligible to receive an energy concession that is administered or delivered by the retailer. For the purposes of this reporting, we propose *concessions* should refer to 'ongoing government energy concessions rather than one-off government grants or subsidies and they should be limited to those concessions that are processed, administered or delivered by the retailer'. This will ensure that retailers will have appropriate details recorded to report this data. This definition is consistent with that proposed under the concessions indicators discussed in section 3.6.

The AER is proposing to collect quarterly data for this indicator which would be reported to the AER on a quarterly basis. We consider it unlikely that the proportion of hardship customers who receive a concession will change substantially throughout the quarter and that monthly data is therefore not warranted. Retailers will be required to record the data as at the last day of the quarterly reporting period.

#### **4.2.4 AER updated proposal**

For the purposes of the hardship program indicators, we propose to use the same concessions definitions as those outlined in section 3.6.

We propose to collect data on:

- Number of hardship program customers that are recorded by the retailer as being entitled to receive a government funded energy concession, where the concession is administered or delivered by the retailer, in each participating jurisdiction.

We consider that quarterly data should be reported on a quarterly basis. Data should be recorded on the last day of each quarter.

The AER proposes that the data should be reported separately for gas and electricity customers.

### **4.3 Customers denied access to hardship programs**

#### **4.3.1 AER issues paper**

The AER proposed to collect the number of customers denied access to the hardship program. We considered this would provide an indication of the transparency of hardship programs' entry criteria as it may signal whether the program is appropriately targeted or promoted. It may also signal where the eligibility criteria for retailer's hardship program may be too restrictive or stringent.

The AER suggested that assessing data from this indicator alongside the total number of customers entering the hardship program would provide an indication of the total demand from customers for hardship assistance.

In the Issues Paper, we further noted that, on its own, this indicator would not provide any context, details or explanation as to why customers were denied access. We therefore suggested that where high numbers of customers being denied access were reported, retailers could provide accompanying commentary setting out the reasons for this and any actions they are taking, or intend to take, to address any issues identified.

#### **4.3.2 Issues raised through consultation**

There was strong support for the inclusion of this indicator from the consumer groups, energy ombudsman schemes and some retailers. Integral Energy, EWON and EWOV noted that the indicator provides additional information and transparency into the accessibility and operation of a hardship program.

Several retailers, however, raised concerns that the indicator would be difficult to report against accurately. TRUenergy cautioned that it would provide little insight into the effectiveness of a retailer's hardship program because it would be difficult to determine whether the cause was due to the retailer restricting access, or because the customer failed to adhere to the guidelines of the program. Ergon Energy also noted that the denial of access to a hardship program does not in itself equate to the denial of assistance from a retailer. For example, a customer may be denied access to a hardship program based on an assessment that the customer's payment difficulties are short-term or transitory in nature and could therefore be managed through an extension of time to pay or a payment plan established outside of the hardship program.

Many respondents recommended that the indicator would provide more meaningful information if the reasons for customers being denied access were recorded. In particular, EWON suggested a breakdown would provide additional context allowing the AER to better monitor and evaluate retailers' hardship programs. It recommended collecting the following reasons: where the customer does not meet the formal criteria for membership of the program; and where the minimum requirements of the proposed payment plan exclude the customer from the hardship program. CUAC recommended collecting information on those customers denied access because: they were previously removed from the program for non-compliance; their income was too high; and the customer had failed two payment plans in the previous 12 months.

At the AER's September stakeholder forum, we put forward a proposal to collect data on three reasons as to why customers are denied access to retailers' hardship programs: where the customer does not meet the hardship program's eligibility criteria; where the customer was provided with assistance outside of the hardship program; and where the customer was previously excluded from the hardship program for non-compliance. Most retailers present at the forum did not support providing this breakdown of data on the reasons why customers are denied access. They argued that this data would be onerous and administratively difficult to report. They also suggested that as very few customers are denied access to a retailer's hardship program this reporting burden was not justified.

However consumer groups and energy ombudsman schemes present at the forum supported the collection of the additional information. Both EWON and EWOV noted that their schemes often are contacted by customers experiencing difficulty accessing retailers' hardship programs and that this indicator was therefore important. The AER also notes that the Essential Services Commission of Victoria reported that during 2008-09, five retailers reported denying customers access to their hardship programs with a total of 1,777 customers denied access during that period.<sup>63</sup>

At the forum with retailers and the ERAA in October, retailers maintained their view that it would be administratively difficult to regularly report data against the reasons specified for customers being denied access to their hardship programs. However, retailers did support an alternative approach put forward by the AER that, in the event a retailer reports a high number of customers denied access to the hardship program, the AER may request further information as to the reasons why customers were being denied access to the program. This may include understanding what proportion of the customers denied access fall into each of the three categories outlined by the AER above.

At the subsequent forum for consumer groups and energy ombudsman schemes, there was general support for this indicator. Attendees argued that it was important to understand the reasons why customers are being denied access to programs, particularly where other forms of (more suitable) assistance are being provided to the customer. Whilst their preference was to routinely collect data on the reasons identified by the AER for customers being denied access, attendees were generally satisfied with the AER's alternative approach to seek this information where high total numbers were reported.

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<sup>63</sup> ESC, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009.



A key issue raised throughout the consultation process was the need to develop a robust definition of *denied access*. Integral Energy suggested defining it as ‘when a customer meets the criteria for referral to a hardship program but is not accepted into the hardship program’. Energy Australia recommended a similar definition. Conversely, Ergon Energy suggested that it should be limited to ‘circumstances where a customer has self-identified or been referred by a community agency to a retailer’s hardship program, but according to the retailer the customer has not met the eligibility criteria for entry into the program’. Ergon Energy also recommended that customers who qualify for entry into a retailer’s hardship program but decline to participate should be excluded from the reporting. At the forum in October, retailers also suggested that customers who are offered and accept assistance outside of the hardship program, such as a payment plan, should not be considered to have been denied access to the hardship program.

### **4.3.3 AER response**

Given the general support across stakeholder for including this indicator, the AER is proposing it be retained. Whilst the AER considers that there is value in collecting the reasons for customers being denied access to hardship programs, we recognise the concerns raised by retailers that this detailed data may be costly to collect, and likely to require manual reporting or costly system changes. As such, the AER does not propose to require retailers to report against a breakdown of the reasons why customers are denied access to their hardship programs. However in the event that a retailer reports a high number of customers being denied access, or data that is out of step with previous performance or varies significantly from the performance of other retailers, the AER may request further information from the retailer on the drivers for the reported performance and the reasons why these customers were denied access to the hardship program.

We propose to maintain the definition we proposed for *denied access*. We do not support the retailers’ proposal to exclude customers who accept an alternative arrangement or assistance outside of the hardship program from the definition of *denied access*, particularly where these customers have requested to participate in the retailer’s hardship program. We recognise that there are likely to be instances where it is more appropriate for a retailer to offer customers assistance with their energy bills outside of their hardship program. By seeking additional information from retailers when higher numbers are reported against this indicator, the AER will be able to determine when this has occurred and explain the high denied access figures.

The indicator will also inform the AER’s understanding of the place of each retailer’s hardship program within their business; how it relates to their collection and debt management processes; and any relative thresholds of hardship they apply. Retailers will also be encouraged to provide additional commentary to explain any trends in the data reported to the AER.

We propose to collect monthly data on a quarterly basis for the total number of customers denied access to the hardship program. When assessed alongside the monthly data for customers on the program and those entering each month (see section 4.1), this will provide an indication of the total demand from customers for hardship assistance.

#### **4.3.4 AER updated proposal**

For the purposes of the hardship program indicators, we propose to define *denied access* as occurring when ‘a residential customer is referred to a hardship program by any means (e.g. identified by the retailer or self-identified by the customer or by a third-party acting on behalf of the customer) but is not accepted onto the hardship program’. This does not include customers who decline to participate in the program.

We propose to collect:

- Number of customers denied access to the hardship program, in each participating jurisdiction.

We consider that monthly data should be reported on a quarterly basis. Data should be recorded on the last day of each month in the reporting period.

The AER proposes that the data should be reported separately gas and electricity customers.

### **4.4 Third party referrals & length of participation**

#### **4.4.1 AER issues paper**

The AER proposed not to include indicators reporting on the number of customers referred to the hardship program by a third party, or the average length of customers’ participation in hardship programs.

The AER considered that the data collected under these indicators may be particularly difficult to interpret. For example, if a retailer reports a high number of third party referrals, this could mean that the retailer is not allowing customers to self identify. Alternatively, it could reflect that the retailer is actively promoting their hardship policy to relevant third party representatives to assist in identifying hardship customers. Conversely, if a low number of third party referrals is reported, this may indicate that the retailer is not promoting its hardship policy and accepting referrals from appropriate third party agencies. However it may also reflect that customers experiencing payment difficulties prefer to contact their retailer directly for hardship assistance.

The AER considered that the average length of time a customer remained on a retailer’s hardship program is likely to depend on the level of debt the customer had when they entered the program as well as the personal circumstances of that customer, particularly how much they can afford to pay towards their ongoing energy costs and any arrears owing. We also suggested that if customers did not remain on retailers’ hardship programs for an appropriate length of time, poorer performance would be reported in other indicators proposed, such as those monitoring debt levels upon exiting the program and the number of customers previously on a hardship program that were disconnected.

#### **4.4.2 Issues raised through consultation**

There was a mixed response in submissions to both indicators.

Integral Energy, FCAQ and EIOSA supported monitoring third party referrals as it would give an indication of how effective retailers are in promoting and publicising their hardship programs to third parties. Furthermore, CUAC noted that it may indicate where a retailer should improve its mechanisms and referral processes for

identifying hardship program customers through third parties. FCAQ suggested that a high number of third party referrals could demonstrate unwillingness by retailers to work with customers and provide access to their programs. FCAQ also noted that data which shows the effectiveness of financial counsellors in referring customers to their retailers for hardship assistance may help them lobby for extra resources.

Many retailers, and some consumer groups and energy ombudsman schemes, did not support this indicator. TRUenergy noted that it would not provide any indication of the success of a retailer's program, while EWOV suggested that data about third party referrals, while helpful, would not be meaningful enough to warrant the reporting burden.

Retailers also had a mixed response to the AER proposing to monitor third party referrals as part of the compliance regime. ActewAGL and Origin were concerned that the Retail Law does not specifically require retailers to allow third parties to refer customers to the hardship program. Therefore, it was argued that the AER would not be able to determine whether a retailer is non-compliant. However AGL supported the approach, stating that it would be appropriate for the AER to consider taking enforcement action if it was concerned that a retailer was not accepting third party referrals to its hardship program.

EWON and QCOSS recommended alternative indicators. EWON suggested that the AER collect the number of customers entering the program after identification by the retailer; and the number identified through other paths, including self-identification and third party referrals. EWON argued that the balance between retailer identification and self identification could be a critical tool for AER monitoring purposes. Alternatively, QCOSS recommended that retailers report on assistance provided to customers before they entered the hardship program, including the number of customers who accessed a financial counselling service or other third party resources.

There was also a mixed response in submissions to the average length of participation indicator. EWON suggested that the indicator would provide an opportunity to look at longer term trends over time and to monitor any anomalies in the data. FCAQ noted that it would provide comparative information on retailer performance, while Integral Energy thought it would provide useful data on the customers in retailers' hardship programs.

Many retailers did not support the inclusion of this indicator. TRUenergy stated that the indicator is not relevant as it is entirely dependent on the customer's circumstances and their willingness to engage with the retailer to remain on the program. Furthermore, TRUenergy claimed that it would not provide insight into the outcome of the customer's participation in the hardship program and whether this has benefited the customer.

Several respondents suggested alternative indicators to monitor how long customers participate in hardship programs. FCAQ recommended the AER measure the number of customers who have been in a retailer's hardship program for 60, 90, 180 days and longer. It suggested this would allow stakeholders to compare the willingness of retailers to work with those in hardship. CUAC and QCOSS recommended that the AER collect the number of customers that have been on the hardship program continuously for more than two years. It was suggested that this would measure the proportion of customers on hardship programs who are experiencing chronic hardship

issues and require longer-term or ongoing assistance. There was some support for this option at the September forum. However COTA and Country Energy noted that this measure would not capture those customers who have recurring payment difficulties, such as those customers who periodically re-enter hardship programs. They therefore considered the value of this indicator to be limited.

#### **4.4.3 AER response**

The AER is proposing to maintain its original position to not monitor the number of third party referrals, given the limited support this indicator received during consultation. Furthermore, we maintain the view that data from this indicator (or alternatives proposed to monitor how customers are referred to hardship programs) will be very difficult to interpret or to draw conclusions and inferences about retailer performance or the accessibility of hardship programs.

Many retailers have advised that they believe it is very difficult to objectively identify when a customer may be having payment difficulties or be in hardship. Retailers are, however, required under the Retail Law to have processes in place to identify customers experiencing payment difficulties due to hardship.<sup>64</sup> Given this, the AER is likely to consider what processes or referral arrangements (if any) retailers have in place with third parties, welfare agencies and other trusted intermediaries to help them to identify customers who need hardship assistance. This will form part of our policy approval role when assessing whether a proposed hardship policy complies with this Retail Law obligation.

The AER is also not proposing to include an indicator that monitors the length of customers' participation on hardship programs. As with the indicator above, we expect that it will be difficult to interpret this data and draw reliable conclusions or inferences about retailer performance. This is because the average length of time a customer remains on a retailer's hardship program will be largely influenced by their level of debt when they enter the program, as well as their ability to repay this amount and meet their ongoing energy costs. Furthermore, if customers did not remain on retailers' hardship programs for an appropriate length of time, we anticipate that this will be reflected in other indicators proposed, including the number of disconnections where customers was previously on the hardship program and the numbers excluded from the program (see sections 4.8 and 4.7, respectively).

Whilst some stakeholders suggested that an increase in the average duration of customers on hardship programs over time might indicate worsening energy affordability, the AER notes that these trends will be considered as part of the AER's energy affordability report (see section 2.2). It is also likely to be reflected in other hardship indicators proposed, such as increases in customer debt levels on entry to hardship programs (see section 4.5) and increases in the number of hardship program customers with increasing debt levels (see section 4.6).

#### **4.4.4 AER updated proposal**

We are not proposing to impose any reporting requirements on retailers regarding the number of third party referrals to their hardship programs or the average duration that customers remain on their programs.

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<sup>64</sup> s. 44(a), National Energy Retail Law.

## 4.5 Debt on entry to hardship programs

### 4.5.1 AER issues paper

The AER proposed to collect the average debt upon entry into a hardship program. As high debt levels are likely to be an indicator of payment difficulties, the AER suggested that this data may identify whether retailers have effective processes in place to identify customers who are experiencing payment difficulties and to provide an early response, as well as reflecting retailers' general debt collection practices.

We suggested that as retailers become more efficient at identifying and targeting customers in need of hardship assistance, earlier participation in programs should result in a lowering of average customer debt levels on entry over time. It may also highlight where there are differences in performance across retailers, indicating which retailers are more proactive in identifying and responding early to customers experiencing payment difficulties.

The AER suggested that *debt* should be defined as the dollar amount which has been outstanding to the retailer for a period of 90 days or more. We requested feedback from stakeholders on the frequency of reporting the data.

### 4.5.2 Issues raised through consultation

All consumer groups supported the inclusion of the indicator. CUAC suggested that as hardship in this context is difficulty in paying energy bills, debt is an appropriate indicator to be included. Energy ombudsman schemes were also supportive of its inclusion as it will assist in assessing whether retailers' identification processes are efficient. They suggested that it will also provide the AER with a trigger to examine a retailer's hardship program more closely if customers consistently have larger debts when entering the program.

Retailers were mixed in their response to this indicator. ActewAGL supported the collection of the indicator, but not as a reflection of a retailer's potential compliance with their obligations to identify customers with payment difficulties and provide an early response. ActewAGL and Ergon Energy cautioned that a retailer's geographical regions, seasons and customer base may influence consumption levels and usage charges, which would impact the levels of debt reported. They suggested that these factors would make it difficult to identify underlying trends and should be taken into consideration when assessing the data reported. Integral Energy also noted that many customers enrolled in its hardship program are high users of electricity and that the average energy use of hardship program customers, compared to its overall residential customer base, is significantly higher.

AGL and Integral Energy argued that the indicator would not reflect the quality of a retailer's identification processes of hardship customers. AGL and Origin raised concerns about the AER's expectation that retailers should have systems and processes in place to monitor customers' accounts to prevent unmanageable levels of debt accruing. Origin and TRUenergy also noted that what is considered to be an 'unmanageable' level of debt is subjective and will vary not only from customer to customer, but within the one customer's lifetime. AGL and Origin also raised concerns with the AER's expectation that average debt levels might lower over time. Origin argued that the only reliable method of detecting customers who are experiencing difficulty paying their energy bills is to provide an environment where

customers feel confident and comfortable enough to self-identify to the retailer by communicating their inability to pay.

CUAC suggested that the average debt on entry to a hardship program may be skewed by a handful of larger energy debts and therefore recommended retailers also report the median debt upon entry. CUAC and Energy Australia further recommended retailers report a breakdown of the number of customers entering hardship programs with debts across a range of debt bands. QCOSS alternatively recommended the AER collect the number of customers entering the program with more than \$1,500 of energy debt, to provide an indication of the number of customers entering hardship programs with higher debt levels. Collecting data on the average debt on entry as well as across debt bands was discussed at the AER's September forum. There was general support across attendees for collecting and reporting this data.

While most supported the AER's proposed definition of *debt*, Ergon Energy and EWON recommended the AER define 'debt' as the total amount outstanding at the time of entry into the hardship program. This is because the total amount owed is the figure considered by the retailer when developing the customer's payment plan and it is the full amount which the customer must repay.

There was general support for retailers to report quarterly data to the AER on a quarterly basis. At the forum in October, retailers suggested that monthly data be recorded for these indicators and that the average debt on entry could be based on the balance outstanding as at the last day of the reporting period or at the point of entry to the hardship program.

#### **4.5.3 AER response**

Given the support across stakeholders, the AER is proposing to retain the indicator monitoring the average debt upon entry to retailers' hardship programs.

The average level of debt upon entry may be skewed by a small number of very large energy debts. Therefore, in order to provide context to the average debt on entry, we are also proposing to collect the number of customers entering the hardship program with the following debt levels:

- Between \$0 and \$500
- Over \$500 but less than \$1,500
- Over \$1,500 but less than \$2,500
- \$2,500 and over.

We consider these to be key measures of the experience of customers in hardship. The data reported against these indicators will also reflect to a degree how proactive retailers are in identifying hardship program customers and their general debt collection practices.

We also recognise that the debt levels customers enter hardship programs with may be influenced by a number of other factors that may be outside of the control of retailers, including socio-economic and geographic factors. We will take into account and explain these factors, as well as any accompanying commentary and information provided by retailers that assists in explaining the reported data.

We propose to maintain our definition of *debt* i.e. 'the dollar amount which has been outstanding to the retailer for a period of 90 days or more'. We consider this to be a

more stable measure of debt and that it will not be as easily influenced by where the customer is in their billing cycle. To ensure that it is consistent with the definition in the general debt indicators discussed in section 3.1, we consider that debt should be limited to any amount owed to the retailer for the sale and supply of either gas or electricity, excluding other services. Furthermore only ongoing energy bill debt for existing customers should be included (and not where a final bill has been issued).

Given the support from retailers, we are proposing to require retailers to report monthly data on a quarterly basis to the AER. For average debt upon entry and the number of customers in each of the debt bands above, the debt recorded should be as at the last day of the calendar month in which they entered the hardship program. This will ensure consistency in the data reported across retailers and that it is comparable. Retailers have also stated that collecting the data in this way is easier from a system perspective, rather than collecting debt data on the day each person enters the hardship program. Given that *debt* is defined as the amount outstanding to the retailer for a period of 90 days or more, recording the customer's level of debt as at the last day of each month (rather than on the day they entered the program) should not have a significant impact on the data reported.

#### **4.5.4 AER updated proposal**

For the purposes of the hardship program indicators, we propose to define *debt* as the dollar amount owed to the retailer for the sale and supply of gas or electricity, excluding other services, which has been outstanding to the energy retailer for a period of 90 days or more. *Debt* refers to the ongoing energy bill debt for existing customers and not where the final bill has been issued.

We are proposing to monitor:

- Average debt upon entry into the hardship program in each participating jurisdiction
- Of those customers entering the program in each participating jurisdiction, the number of customers who have a debt:
  - Between \$0 and \$500
  - Over \$500 but less than \$1,500
  - Over \$1,500 but less than \$2,500
  - \$2,500 or more.

We consider that monthly data should be reported on a quarterly basis.

For average debt upon entry and the debt bands above, customer debt on the last day of the month that they entered the program should be recorded.

The AER proposes that the data should be reported separately for gas and electricity customers.

## **4.6 Debt on exit from hardship programs**

### **4.6.1 AER issues paper**

The AER proposed to collect the average level of debt upon exit from a hardship program, arguing that it would provide a good indication of the effectiveness of the assistance that retailers are providing to their hardship customers. We also suggested that it may indicate where the assistance offered under hardship programs is appropriate and successful in assisting customers to better manage their energy bills on an ongoing basis.

However the AER noted that some care would have to be taken when interpreting this indicator particularly if comparing it with the average debt upon entry as it is likely that the sample of customers monitored in both indicators would be different. Furthermore, as the average level of debt upon exit would capture all customers leaving the program, including those excluded for non-compliance as well as those customers who have successfully completed the program, this was likely to impact the data.

To address this issue, the AER also consulted on an alternative approach where retailers report, for those customers exiting the hardship program, both the average level of debt when they entered the hardship program and what it was upon exiting the program. This would allow a direct comparison of debt levels for the same group of hardship customers both before and after their participation in the hardship program thus providing a better indication of how effective the individual retailer's hardship program has been in assisting these customers to better manage their ongoing energy bills.

We proposed to use the same definition of debt here as that for monitoring debt on entry to hardship programs, as well as having consistent reporting requirements.

### **4.6.2 Issues raised through consultation**

While most consumer groups supported the indicator, many retailers did not. In particular, ActewAGL, Origin, TRUenergy and AGL did not support the indicator arguing that it would not provide a good indication of the effectiveness or success of a retailer's hardship program. They were concerned that customers who switch to another retailer while on the program or who are excluded from the program due to non-payment or non-engagement with the retailer would be included in the data. As these customers are likely to have higher debt levels, the retailers noted that this is likely to skew the data and not provide a reliable success measure. In addition, they argued that average debt on exit may not be lower than average debt on entry as some customers on their hardship program consume more energy than they can afford to pay, and may therefore accrue more debt whilst being supported on the hardship program. Retailers also argued that they do not have control over their customer's actions and whether they make payments towards their energy bills. As such, they considered that their influence over the level of customers' debt whilst on their hardship programs is limited.

However, CUAC and Ergon Energy noted that an effective hardship program should assist customers to move towards a sustainable outcome where they are able to afford their ongoing energy costs. CUAC suggested that although a customer's personal circumstances may account for a higher level of debt upon exit from the hardship program, the type of assistance offered by the retailer will also influence the amount



of debt the customer has when it leaves the hardship program. Furthermore, Ergon Energy stated that the average debt on exit would provide a qualitative measure of retailer performance and encourage further work to assist customers to reduce their consumption thereby increasing their capacity to pay over the life of the account. EWON noted that the real value of this data is in identifying patterns over time or where an extreme result could alert the AER to the need for further investigation.

QCOSS cautioned that the indicator would be incorrectly compared to average debt upon entry, irrespective of warnings that this is inappropriate. QCOSS suggested an alternative indicator to measure the success of retailers' hardship programs. It recommended that the AER collect the number of customers successfully completing hardship programs with \$0 debt. QCOSS argued this indicator would be beneficial as it will directly measure the desired outcome for customers on the hardship program. CUAC supported QCOSS' proposed indicator and also recommended collecting the median level of debt on exit to prevent a handful of large debts skewing the average debt level reported. Energy Australia suggested collecting the number and percentage of customers on retailers' hardship programs with an increased level of debt.

The AER's alternative approach proposed in the Issues Paper also received a mixed response in submissions. Integral Energy and Origin supported the alternative, as did CUAC who noted it would enable a direct comparison of debt levels for the same cohort of hardship program customers. It would also be a more meaningful indication of the effectiveness of the hardship program in reducing energy debt levels. EWON and EWOV also supported the alternative approach, provided it was not overly onerous for retailers to report against.

AGL and Ergon Energy did not support the alternative approach advising that it would be difficult and costly to report. They did not consider that the cost of matching customer debts upon entry into and exit from the program outweighed the benefits that the data would provide.

At the stakeholder forum in September, the AER proposed a further option. In addition to monitoring the average debt on exit, we proposed to collect information on the proportion of hardship program customers whose payments were not covering their energy costs (debt increasing), whose payments were matching their energy costs (debt stable), who were covering their energy costs and a portion of their arrears (debt decreasing). We suggested that this additional information may help to explain trends in average debt levels of customers exiting the hardship program. There was reasonable support from attendees for including this indicator. As part of the discussion, it was noted that some customers may not be able to afford to meet their ongoing energy costs and their debt may therefore increase whilst they are supported by retailers on hardship programs. Despite this, the aim should be to assist these customers to better manage their energy bills, by matching their capacity to pay to their ongoing energy costs. Retailers highlighted that this may not always be possible.

At the October forums, retailers suggested they report the average debt of all hardship program customers (being the total debt across the program divided by the number of customers on the program). While retailers noted that they do not consider the overarching objective of their hardship programs to be the elimination of customer debt, they recognise the value in understanding how debt levels for hardship program customers track over time. Retailers considered that any debt indicators should be collected as 'supplementary data' and not data against which their performance is judged.

Retailers recommended a different indicator to monitor the number of customers who are managing payment plans. This was defined as the number of customers who the retailer considers as maintaining payments against their agreed payment arrangement, reported as a percentage of the total number of customers with payment arrangements on the hardship program. Retailers consider that this would provide a measure of the success of retailers' hardship programs reflecting how they consider and account for customers' capacity to pay.

At the October forum held with consumer groups and energy ombudsman schemes, participants supported the indicators above that were proposed by the retailers. In addition, they reiterated their support for including an indicator that measured whether hardship program customers were able to match what they could afford to pay to their ongoing energy costs. They considered that such an indicator would measure whether retailers were delivering sustainable outcomes for their hardship program customers.

#### **4.6.3 AER response**

The AER is not proposing to monitor the average level of customers' debt upon exit from the hardship program. Instead, we are proposing to include an indicator measuring the average level of debt of all hardship program participants, as suggested by retailers. This will be calculated as the total debt across hardship program customers divided by the total number of customers on the hardship program. We consider that this indicator will allow a comparison of the average debt upon entry to be made and will also enable the tracking of hardship program customer debt levels over time.

We are also proposing an additional indicator to collect data on the proportion of customers on each retailer's hardship program with debt levels that are increasing; debt levels that are remaining stable; and those with debt levels that are decreasing. We anticipate that this additional information will provide context to the trends in the debt levels reported for hardship program customers and in particular will help explain movements in the average levels of debt for these customers. It will also provide an indication of the effectiveness of the assistance provided by retailers to hardship customers. Whilst we acknowledge retailers' concerns that not all customers are able to meet their ongoing energy costs and that some customers are assisted by retailers, particularly at first, with low payment plans that will result in rising debt, we still believe this is a useful indicator. Even if there is always a proportion of hardship program customers for whom debt is increasing, on the whole, we would expect the majority of hardship customers to have falling debt levels.

We have considered two possible alternative ways to measure this indicator and we welcome stakeholder views on which approach is more effective and appropriate.

The first option is to measure the proportion who are not meeting their ongoing energy costs (debt increasing); matching their ongoing energy costs (debt stable); and covering their ongoing energy costs and a portion of their arrears (debt reducing). Respectively, this would be calculated as the number of hardship program customers where their regular payment amount (for example, weekly, fortnightly, monthly etc) does not equal, is equal to, or exceeds the payment amount (for the required payment frequency) calculated by the retailer to meet the customer's expected energy bill costs over the next 12-month period. This would be reported as a percentage of the total number of payment arrangements under the hardship program.

The second option would be to measure the proportion of customers on the hardship program with increased debt levels; stable debt levels (less than 10 per cent change); and decreased debt levels. This data would be prepared by comparing hardship program customers' debt levels at the end of the reporting period with that of six months prior. For example, the proportion of hardship program customers where their debt at the end of the quarter is more than 10 per cent higher compared to debt levels 6 months prior; where their debt at the end of the quarter is between 10 per cent lower and 10 per cent higher compared to debt levels 6 months prior; and where their debt at the end of the quarter is more than 10 per cent less compared to 6 months prior. The proportion of customers who were not in the hardship program six months prior or for whom data on debt levels six months prior is not available would also be reported separately. We note that by measuring the indicator in this way, the data may be impacted by seasonal variations in energy costs (for example, where customers have higher bills in winter when compared to summer or vice versa).

In addition to the above, we are also proposing to include the other indicator suggested by retailers to measure the number of customers who are managing their payment plans (the payment plan success rate measure). We propose to use the definition suggested by retailers i.e. the number of customers who the retailer considers as making payments towards their agreed payment arrangement as a percentage of the total number of payment arrangements under the hardship program.

We consider that this measure will provide an indication of the appropriateness of payment plans being arranged by the retailer. We also consider that it may provide further context to the indicators regarding whether customers are able to meet their ongoing energy costs. For example, if a retailer has a small proportion of their hardship program customers who are not able to meet their ongoing energy costs but a high proportion of customers managing their payment plans, this may indicate the retailer is appropriately considering customers' capacity to pay when establishing payment plans for their hardship program customers.

The AER is not proposing to pursue the alternative indicator outlined in the original Issues Paper, given the concerns raised about the costs in reporting this data and in light of the other indicators proposed in this area.

#### **4.6.4 AER updated proposal**

To ensure consistency, the same definition of *debt* will be used for this indicator as for that monitoring the average debt upon entry to hardship programs (see section 4.5) and the broader debt indicators discussed in section 3.1.

We are proposing to collect the following indicators:

- The average debt of hardship program customers in each participating jurisdiction. This will be calculated as the total debt across hardship program customers divided by the total number of customers on the hardship program.
- Number of customers who are managing payment plans (the payment plan success rate) in each participating jurisdiction. Retailers will be required to report the number of hardship program customers who the retailer considers as making payments towards their agreed payment arrangement, as a percentage of the total number of payment arrangements under the hardship program.
- Number of hardship program customers (reported as a percentage of the total number of hardship program customers) who are:

- Not meeting their ongoing energy costs (debt increasing) – calculated as:
  - *either* the number of hardship program customers where their regular payment amount (for example, weekly, fortnightly, monthly etc) **does not equal** the payment amount (for the required payment frequency) calculated by the retailer to meet the customer’s expected energy bill costs over the next 12-month period;
  - *or* the number of hardship program customers where their debt at the end of the quarter is **more than 10 per cent higher** compared to debt levels 6 months prior.
- Matching their ongoing energy costs (debt stable) – calculated as:
  - *either* the number of hardship program customers where their regular payment amount (for example, weekly, fortnightly, monthly etc) **is equal to** the payment amount (for the required payment frequency) calculated by the retailer to meet the customer’s expected energy bill costs over the next 12-month period;
  - *or* the number of hardship program customers where their debt at the end of the quarter is **between 10 per cent lower and 10 per cent higher** compared to debt levels 6 months prior.
- Covering their ongoing energy costs and a portion of their arrears (debt reducing) – calculated as:
  - *either* the number of hardship program customers where their regular payment amount (for example, weekly, fortnightly, monthly etc) **exceeds** the payment amount (for the required payment frequency) calculated by the retailer to meet the customer’s expected energy bill costs over the next 12-month period;
  - *or* the number of hardship program customers where their debt at the end of the quarter is **more than 10 per cent less** compared to 6 months prior; *and* the number who were not in the hardship program 6 months prior or for whom data on debt levels 6 months prior is not available;

For the final indicator considered above, we welcome views on which of the two alternative approaches considered above will be more effective and appropriate. Our final proposals for this indicator will be presented early in 2011 as part of the formal consultation on the required draft Guideline.

We consider that monthly data should be reported on a quarterly basis for the average debt of hardship customers. For the other indicators proposed, we consider that quarterly data reported on a quarterly basis is more appropriate. Data should be recorded as at the last day of the reporting period.

The AER proposes that the data should be reported separately for gas and electricity customers and for each jurisdiction.

## **4.7 Customers exiting hardship programs**

### **4.7.1 AER issues paper**

The AER proposed to collect the total number of customers exiting the hardship program and the number of customers excluded for non-compliance. It was suggested that when assessed together, these indicators would also provide a measure of the proportion of hardship customers who are successfully leaving the hardship program, having satisfied the requirements and reduced their energy bill debt to a manageable level.

The AER suggested that the indicator will provide an assessment of how effective the retailer has been in engaging with the customer and enabling them to participate in the program. It will also indicate whether the assistance offered under the program is effective and appropriate.

### **4.7.2 Issues raised through consultation**

Many of the respondents supported the inclusion of these indicators. EWOV suggested that the indicators will determine how effective the retailer has been in communicating and engaging with customers.

Integral Energy expressed concerns regarding the fact that customers may leave the hardship program for a variety of reasons such as moving to another retailer, or requesting to be removed from the program. Several respondents also suggested that the AER collect more information on the reasons for leaving the program. For example EIOSA, QCOSS and Energy Australia suggested that the AER should consider collecting 'the total number of customers successfully exiting the program'. Energy Australia also recommended collecting 'the number of customers exiting due to non-contact'.

Although supportive of the indicator, Ergon Energy suggested that on its own, the data would not indicate whether a retailer is effectively engaging and enabling customers in terms of their participation in the program. Furthermore, Ergon Energy highlighted that the differences between retailers in terms of when, and in response to what triggers, customers are removed from the program for continued non-compliance should also be considered when assessing the data.

Several retailers did not support the inclusion of this indicator in their submissions. ActewAGL and TRUenergy were concerned that it would not provide an indication of the effectiveness of the hardship program as retailers cannot control the behaviour of customers if they cease complying with a payment plan. Furthermore, TRUenergy suggested that it does not provide any indication of the customer outcome. AGL also noted that the indicators would not demonstrate a retailer's level of compliance with its regulatory obligations.

At the forum in September, the AER proposed reporting a further breakdown of why customers were exiting the hardship program. Under this proposal retailers would also be required to report against those hardship program customers who left the program because they were no longer supplied by the retailer (for example, if they switched or moved premises) and those who successfully completed the program, defined as having \$0 debt and returning to normal billing and collection cycles. There was general support for collecting this data. However, several retailers noted that successful completion of the hardship program may not always occur when the

customer has a debt of \$0 and this requirement should therefore be removed from the definition of ‘successfully completed’.

Retailers supported reporting the breakdown of customers exiting the program at the forum in October. However, they suggested changing ‘customers who successfully completed the program’ to ‘customers exiting the program by agreement with the retailer’. They noted that some hardship program customers may request to exit the program with a small amount of debt (rather than no debt) which they are able to manage and repay outside of the hardship program. There was also wider support for this indicator at the forum from consumer organisations and energy ombudsman schemes. These attendees suggested clarifying the above definition of ‘customers exiting the program by agreement with the retailer’ to exclude those hardship program customers who leave the program because they feel they are not able to meet the program requirements or payments requested by the retailer.

#### **4.7.3 AER response**

Due to strong stakeholder support, the AER is proposing to retain the indicator monitoring customers exiting retailers’ hardship programs with the following breakdown:

- Total number of customers who exited the hardship program, and:
  - Those who successfully completed the program or exited with the agreement of the retailer;
  - Those excluded or removed from the program for non-compliance (for example, where the customer did not make the required payments, or where they fail to contact the retailer). This should also include those hardship program customers who leave the program because they feel they are not able to meet the program requirements or payments requested by the retailer;
  - Those who switched, transferred or moved away from the retailer.

It is anticipated that this breakdown will provide further clarification as to why customers are leaving retailers’ hardship programs. This additional information will provide a better indication of whether a retailer is effective in enabling customers to participate in their hardship programs.

#### **4.7.4 AER updated proposal**

For the purposes of reporting against this indicator, we propose to define *successfully completion of the program or exiting with the agreement of the retailer* as ‘customers who have completed or exited the hardship program and are returned, by agreement with the retailer, to the normal billing and collection cycles (including where they agree to a new payment arrangement)’.

Customers who are *excluded or removed from the hardship program for non-compliance* includes ‘those who exit the hardship program at the behest of the retailer for failing to adhere to the program requirements. This may include instances where the hardship program customer fails to make contact with the retailer; or make agreed payments towards their energy account; or where the customer exits the program as they feel they are not able to meet the program requirements or payments requested by the retailer’.

We propose to collect the following data:

- Total number of customers who exited the hardship program during the reporting period by participating jurisdiction, and:
  - Those who successfully completed the program or exited with the agreement of the retailer;
  - Those excluded or removed from the program for non-compliance (for example, where the customer did not make the required payments, or where they fail to contact the retailer). This should also include those hardship program customers who leave the program because they feel they are not able to meet the program requirements or payments requested by the retailer;
  - Those who switched, transferred or moved away from the retailer.

We propose to collect monthly data on a quarterly basis. We propose to collect gas and electricity customers separately.

## **4.8 Disconnection, and subsequent reconnection, of customers previously on hardship programs**

### **4.8.1 AER issues paper**

The AER proposed to collect the number of customers who were disconnected (and subsequently reconnected) during the reporting period who have been on a hardship program in the previous 24 months. It was suggested that these indicators would provide an indication of the effectiveness of the assistance provided to hardship program customers as well as give a longer-term measure of the overall effectiveness of a retailer's hardship program. The purpose of hardship policies is to assist customers to better manage their energy bills on an ongoing basis. We therefore suggested that if the assistance provided under hardship programs is effective and hardship policies are achieving their stated purpose, we could expect the number of customers previously on a hardship program who were disconnected to be low.

Furthermore, when a customer is reconnected shortly after being disconnected this can typically indicate that the customer was most likely disconnected as a result of financial hardship. In these circumstances, the disconnected customer is prompted to contact their retailer to arrange their reconnection and seek hardship assistance. The AER noted that if high numbers of customers who have previously been on a retailer's hardship program are being disconnected and reconnected within seven days, this might suggest that the retailer's hardship policy and program are ineffective or that retailers are removing customers from their hardship programs too quickly.

### **4.8.2 Issues raised through consultation**

There was support from consumer groups and energy ombudsman schemes for including an indicator that measures the disconnection and reconnection of customers who had previously been on the hardship program. CUAC noted that the rate of disconnection and reconnection, especially of vulnerable customers, is considered a key indicator on the performance of energy retailers. Furthermore, EWOV suggested that this indicator could demonstrate where retailers lack of ongoing staff training on their hardship policy and program. EWOV also supported the inclusion of these indicators as a means of showing any deficiencies in retailers' identification processes, but cautioned that careful interpretation of the data would be required.

Retailers did not support these indicators. Integral Energy and Ergon Energy raised concerns that the indicators fail to have regard for customers who are excluded from the hardship program for non-compliance. These customers are likely to be disconnected and would be reflected in the data. As such, many retailers questioned the ability of these indicators to show the success of a retailer's hardship program. Ergon Energy suggested that average debt upon exit from a hardship program and the number of customers exiting the program were better measures of hardship program effectiveness and successful customer outcomes.

Retailers expressed concern with the notion that they might be able to permanently change a customer's behaviour or prevent them from falling into debt, or being disconnected, in the future. They noted that customers' circumstances can change dramatically over time, particularly over a 24-month monitoring period. EWON agreed, stating that unrelated events can occur over such a long period that may have no bearing on their participation in the hardship program. Furthermore, EWON noted that there is no obligation in the NECF for retailers to take additional steps to engage customers who appear to be experiencing payment difficulties and have previously been on the hardship program. EWON supported collecting disconnection and reconnections indicators over a shorter timeframe. Several retailers also raised concerns that it would be difficult and costly to track customers over a 24-month timeframe.

The 24-month timeframe was supported by CUAC who noted it would allow for the development of customer history and would take into account the time required to meet all the disconnection procedural requirements. However, other submissions recommended different timeframes for monitoring this indicator. EWON suggested collecting disconnection (and subsequent reconnection) within 4 weeks of being on the hardship program, as many programs would formally remove a customer from a program immediately prior to beginning disconnection action. Alternatively, Energy Australia recommended collecting disconnection (and subsequent reconnection) of customers who had been on the hardship program in the previous three, six, nine and twelve months. Energy Australia also recommended collecting the number of customer re-entering the hardship program within these time periods.

Integral Energy suggested that the indicator would be more effective if it only included those customers who had successfully completed the hardship program. Although many varying elements would remain, Integral Energy suggested that this change would provide an improved measure of success.

Integral Energy also raised concerns about the seven-day time period for monitoring reconnections. It stated that retailers cannot be held responsible for the behaviour of customers after leaving the hardship program and therefore cannot be held responsible for a customer's ability to reconnect their energy supply within seven days of being disconnected.

The options for monitoring these indicators over the range of timeframes suggested above were discussed at the AER's September forum. There was little support for more frequent monitoring over shorter time periods, such as 4 weeks, or three, six and nine months. There was, however, some support for monitoring disconnections and reconnections of customers who have successfully exited a hardship program in the previous 12-months. There was a general agreement that these indicators would provide useful information but may not necessarily reflect a retailer's performance or the effectiveness of their hardship program. In addition, retailers cautioned that



reporting on the number of customers re-entering their hardship programs would be difficult.

At the retailer forum in October, retailers supported collecting the number of customers disconnected and reconnected within 12 months of being on a retailer's hardship program. However, retailers stressed that this data should be considered as supplementary information only and that it would need to be interpreted with caution and not linked to statements about a retailer's hardship program performance. At the subsequent October forum with consumer groups and energy ombudsman schemes, retailers no longer supported including this indicator, given their concerns outlined above. Representatives from the consumer groups and energy ombudsman schemes, however, expressed strong support for including this indicator arguing that it was important to have a measure of the longer-term outcomes for hardship program customers.

#### **4.8.3 AER response**

The AER is proposing to include an indicator that measures the number of customers who were disconnected who had successfully exited their retailer's hardship program in the previous 12-months. We are also proposing to collect the number of customers who were then subsequently reconnected in the same name and address within seven calendar days.

We agree with the views expressed by consumer groups and energy ombudsman schemes that it is important to have some longer-term measure of the impact on customers of the hardship program in helping them to better manage their ongoing energy bills. We recognise that there are limitations to this indicator, including where customers switch or move away from the retailer within the 12-month period and that it may not always reflect the performance of the retailer or its hardship program. It may however provide some insight into the effectiveness of the assistance and advice provided by the retailer as part of its hardship program. Furthermore, in only collecting the data for customers who successfully completed the program (as defined in section 4.7) we consider this to be a better longer-term measure of the program's success. If a customer successfully completes the program, the retailer has agreed that the customer is ready to return to the normal billing cycle and is able to manage their bills on an ongoing basis. Therefore, if a large number of customers are disconnected within 12 months of completing the program, this may indicate that the assistance provided by the retailer under the program was inadequate. It may also indicate that the retailer is taking customers off the program too soon. This data may also reflect changes in customers' personal circumstances which may result in them experiencing further payment difficulties. The AER will encourage retailers to provide accompanying commentary to explain any trends in the data reported and to aid the interpretation of this data.

We propose to require retailers to report monthly data on a quarterly basis to the AER. This will ensure consistency with the AER's other disconnection and reconnection indicators.

#### **4.8.4 AER updated proposal**

We propose to collect the following two indicators by participating jurisdiction:

- Number of residential customers disconnected for non-payment of a bill during the reporting period, who successfully completed the hardship program in the previous 12 months
- Number of residential customers who successfully completed the hardship program in the previous 12 months, who were reconnected in the same name and at the same address within seven days of disconnection.

We propose to use the same definition for *successfully completed the hardship program* as discussed in section 4.7. This will therefore include customers who have completed or exited the hardship program and are returned, by agreement with the retailer, to the normal billing and collection cycles (including where they agree to a new payment arrangement).

We propose to collect monthly data on a quarterly basis and separately for gas and electricity customers.

## **4.9 Assistance provided through hardship programs**

### **4.9.1 AER issues paper**

In its Issues Paper, the AER did not propose to collect information on the types of assistance provided by retailers to customer under their hardship programs.

### **4.9.2 Issues raised through consultation**

A number of submissions to the Issues Paper suggested that it may be useful for retailers to report on the types of assistance provided to hardship customers. Origin noted that reporting on the forms of assistance provided by retailers is the only way to develop a sense of what retailers' hardship programs can and cannot do, and whether their programs can be compared. Origin also argued that the assistance provided by retailers under their hardship programs is wholly in the control of retailers and is the fundamental aspect of achieving the purpose prescribed in the Retail Law.

QCOSS also supported the inclusion of indicators that measured the forms of assistance provided under retailers' hardship programs, suggesting it would allow for differentiation between hardship programs. QCOSS suggested retailers could report against some common types assistance provided, such as the provision energy audits and flexible payment options including bill smoothing and Centrepay. EWON also recommended collecting the number of hardship program participants using Centrepay given it can be an important budgetary tool and assistance measure provided by retailers under their hardship programs.

Integral Energy and some smaller retailers did not support the inclusion of indicators to monitor the types of assistance provided.

This indicator was discussed at the September and October stakeholder forums, where it received general support from most attendees. Many retailers and most consumer groups and energy ombudsman schemes welcomed this proposal. However, some retailers raised concerns about the level of reporting proposed and argued that it was not appropriate to make comparisons across retailers in this area.

### **4.9.3 AER response**

The AER is proposing to require retailers to report on the number of hardship program customers who received the types of assistance as required under the Retail

Law. For this indicator, the types of assistance will be prescribed by the AER and will reflect the minimum requirements in the Retail Law for hardship programs, including notifying customers of concessions and financial counselling services; providing advice to improve energy efficiency etc.

We are also proposing to encourage retailers to report on the other types of assistance available and provided to customers under their hardship programs. For this indicator, we are not proposing to prescribe the reporting requirements. Retailers will be able to provide details of the assistance programs and initiatives offered under their hardship policy and how many customers received each type of assistance during the period. Given that retailers' hardship programs are likely to differ, this will provide an opportunity for retailers to showcase any innovative ways they assist their hardship customers. The AER proposes to provide a short summary of this information for each retailer as part of its annual consolidated performance reports. Some examples of the types of assistance currently provided by retailers under their hardship programs which might be reported by retailers include: the number of home energy audits completed; the number of hardship customer accounts reviewed; the number of energy efficiency measures installed; the number of customers assisted with appliance replacement; the number of hardship program customers on incentive payment plans etc.

Finally, the AER proposes require retailers to separately report on the types of payment arrangements offered to its hardship program customers, including: payment plans; Centrepay; Prepayment meters and any other payment arrangements offered.

The AER considers that the assistance provided to hardship customers is a fundamental aspect of the program. By collecting the types of assistance provided, we will be given an indication of the tools retailers are providing their customers on the hardship program to better manage their energy bills. It will also provide an indication of some of the differences between the hardship programs and may act to encourage retailers to be innovative and to expand the types of assistance they offer their customers.

#### **4.9.4 AER updated proposal**

We propose to require retailers to report the following information, by participating jurisdiction:

- Number of hardship program customers who, during the reporting period:
  - Were notified of government concessions, grants etc.;
  - Were notified of, or referred to, a financial counselling service;
  - Received energy efficiency information (including a telephone energy audit or the provision of leaflets etc.);
  - Had their prepayment meter (PPM) removed;
  - Had their market retail contract reviewed
- Other types of assistance available and provided to customers under the retailer's hardship program (reporting not prescribed here)
- Number of hardship program customers using each of the following payment methods, by participating jurisdiction:
  - Payment plan;

- Centrepay;
- Prepayment meter (PPM); and
- any other payment method.

We propose to collect data on a quarterly basis and separately for gas and electricity customers.

## **4.10 Case studies**

The AER sought views on collecting anonymous case studies from retailers of customers who had participated in the hardship program. We suggested that the case studies could accompany the hardship program indicators data and would provide useful context and qualitative information to highlight and promote good practice.

There was general support from respondents for the collection and reporting of hardship program case studies. Energy Australia suggested that it would provide useful information in terms of the widely varied presentation of customers and the tailored approaches that are developed to suit customers' specific circumstances. QCOSS also noted that case studies may encourage retailers to provide additional or alternative assistance to customers in a hardship program. However TasCOSS cautioned that it may be difficult for the AER to ensure the validity of the information in the case studies provided by the retailers.

Due to the strong support across stakeholders, the AER is proposing to allow retailers to voluntarily submit case studies from their hardship programs which they believe reflect examples of good practice in this area. We consider that the case studies will highlight and encourage areas of good practice in the handling of customers on hardship programs. The case studies will also provide additional context to the indicators and will assist us to better understand the experience of customers on retailers' hardship policies. We are proposing to collect the case studies annually, on a voluntary basis. We will publish a selection of good practice examples annually in our consolidated Retail Market Performance Reports.

## **5 Distributor Performance Reporting**

### **5.1 Performance of distributors by reference to distribution service standards and GSL schemes**

#### **5.1.1 AER issues paper**

The Retail Law requires the AER to report on the performance of distributors by reference to distributor service standards<sup>65</sup>. There are currently no national service standards and GSL schemes. These standards and schemes are set out in various state and territory laws and instruments. While not binding, targets for distributor performance may also be set by the AER as part of the service target performance incentive scheme (STPIS) that may be applied to individual businesses in distribution determinations made by the AER under the National Electricity Rules.

In our issues paper we outlined a series of general principles that would guide our approach to reporting on distribution service standards and GSL schemes for the purposes of the performance reporting regime set out in the Customer Framework. These included the importance of minimising duplication of reporting requirements imposed by other regulators and AER.

#### **5.1.2 Issues raised through consultation**

Submissions received expressed broad support for the general principles outlined in the issues paper.

Ergon Energy went on to suggest that so long as responsibility for monitoring and reporting information on service standards and GSL schemes lies with the jurisdictional regulators, the AER should not seek to collect any information on distributor performance separate or additional to that captured under the relevant jurisdictional schemes. It was also suggested that duplication of information in separate reports could be avoided if distributors were permitted to satisfy any requirement to provide information to the AER by submitting a copy of any data or report already provided to the jurisdictional regulators. Ergon argued that it would be inappropriate for the AER to provide commentary on such data unless and until it assumes responsibility for setting, monitoring and enforcing the relevant service standards. Such data would already be reported on, with supporting commentary, by the relevant jurisdictional regulator. PIAC and QCOSS agreed that the AER should avoid such duplication in public reporting.

Submissions from distributors also cautioned against attempts to compare the performance of one distributor with that of another where variations between service standards, underlying performance indicators and associated reporting exemptions would make benchmarking inaccurate or non-representative.

#### **5.1.3 AER response**

We are aware of the potential for additional layers of reporting on like issues to increase the regulatory burden on regulated entities. Where the information the AER requires is already available in a workable format, and the nature of that information can be readily understood without expansion or extension of existing reporting

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<sup>65</sup> s.285 National Energy Retail Law

requirements, we see no need to require its presentation to us in a different manner or form.

Wherever possible, we will endeavour to use information already collected and reported upon by jurisdictional regulators. The information collected from jurisdictional regulators will be presented in our performance reports, but we do not intend to provide evaluative commentary or analysis of distributor performance against standards which other monitor.

If and when any decision is taken by a participating jurisdiction to transfer responsibility for the administration of its distribution service standards to the AER, we will determine the appropriate instrument through which to develop the requisite reporting requirements at that time.

#### **5.1.4 AER updated proposal**

In reporting on distributor performance by reference to distributor service standards and GSL schemes, the AER will rely wherever possible on information provided to the jurisdictional regulator or agency responsible for administration and enforcement of those standards and schemes. Information gathered by the AER for the purpose of administering and monitoring performance under distribution determinations made by the AER under the national electricity rules may also be used for this purpose.

Until such time as jurisdictional responsibility for the administration and enforcement of distributor service standards and GSL schemes ends, so that existing reporting arrangements fall away, the AER does not intend to impose duplicate or supplementary reporting requirements on these matters for the purposes of the retail market performance report.

## **5.2 Performance of distributors in relation to the small compensation claims regime**

### **5.2.1 AER issues paper**

Part 7 of the Retail Law establishes a small compensation claims regime which will enable small customers to make claims for compensation from distributors in relation to ‘claimable incidents’ and ‘compensable matters’. The AER’s retail market performance report must include a report on the performance of distributors in relation to this regime<sup>66</sup>.

In the issues paper we noted the difficulty in developing indicators while it remains uncertain which, if any, jurisdictions intend to adopt the small claims compensation regime and what the nature of claimable incidents and compensable matters identified by those jurisdictions might be. In that context, we considered two generic indicators:

- the extent to which customers are aware of and able to access the small claims regime, and
- the extent to which customers accessing the regime receive an appropriate amount of compensation for claims.

We sought input from stakeholders on a range of information that might assist us in measuring these indicators.

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<sup>66</sup> s.285(e) National Energy Retail Law

## 5.2.2 Issues raised through consultation

Submissions reflected the difficulty in exploring this issue in the absence of detailed information on the operation of the proposed scheme.

A number of submissions from distributors raised concerns as to the scope and coverage of the small claims compensation regime itself, and the potential for any variation from current jurisdictional arrangements to require costly systems changes. These are matters outside the AER's control and beyond the scope of this consultation, which is intended to examine how performance against such a regime can be objectively measured.

Origin Energy supported the generic indicators proposed by the AER, and also proposed that we collect data from distributors about their service delivery to retailers and the time taken by distributors to fulfil requests to connect meters, de-energise and manage service calls. It argued that as the service agreements have their basis in regulatory determinations by the AER, such reporting requirements could reasonably be imposed on distributors. These considerations, which have their basis in the access regimes administered by the AER under the Electricity and Gas Law and Rules, are also outside the scope of consultation on the AER's retail market performance reports. They will, however, be considered in the context of the broader distributor reporting arrangements under determinations and access arrangements for each network.

ENERGEX and Ergon Energy sought clarification that the AER's approach would recognise the 'opt-in' nature of the compensation regime and the potential for significant variation in its application from one jurisdiction to the next. They argued that comparisons of distributor performance between or within a jurisdiction will not be appropriate where claimable incidents and compensable matters are defined differently or where the volume and/or value of claims is materially influenced by geographic, climatic or other circumstances. UED Multinet queried the value of generic indicators that may be unmeasurable or have little value in assessing performance and systemic issues, noting that it may be useful to establish the regime nationally before adding more complexity through generic indicators.

CUAC, PIAC and QCOSS expressed support for the proposed generic indicators. Distributors, on the other hand, raised a number of specific issues in response to the proposed indicators.

UED Multinet suggested that the number of claims reported by the distributor should be those claims registered by the distributor (to the exclusion of claims made that fell outside the scope of the compensation regime). It also proposed that the number of complaints relating to administering the regime should exclude those relating to the time taken to resolve a claim—which could be affected by delays in provision of third party information—and those made following major network events where claims volumes may be unusually high.

Jemena expressed particular concern with any proposal to publish the total amount of compensation payments to customers or the successful number of claims, suggesting that to do so may encourage excessive claims or claims with little merit. It cited current reporting practices adopted by EWOV and EWON, which list complaints and issues by individual retailer and distributor when presenting high level statistics, but does not identify particular parties or provide information on the amount of compensation payments. It also raised concerns that complaints data collected by ombudsman schemes in relation to a distributor's application of the compensation

regime may not always be a reliable indicator of the effectiveness of a distributor's compensation regime. It cautioned that consideration of the circumstances surrounding any such complaints is required to provide a balanced assessment of the compensation scheme.

While CUAC supported the proposed inclusion of qualitative data to provide context to the more quantitative measures proposed, Jemena considered that a qualitative assessment of the efficacy of the small compensation claims regimes would raise a number of problems. It emphasised the need to ensure consistent judgements were made between distributors, and advocated having objective measures in place for any qualitative assessment.

Distributors were also concerned by the proposal to monitor the ease with which customers were able to access the compensation regime, highlighting the fact that the Customer Framework only requires claim forms and claim processes to be available on a distributor's website. UED Multinet queried the intent of any qualitative measure that purported to seek promotion of the regime beyond the minimum requirements of the Retail Laws and Rules.

While PIAC, TasCOSS and QCOSS supported quarterly reporting, distributors were generally in favour of annual reporting in this area, which they considered would be sufficient for the purposes of transparency and accountability. They questioned the value of quarterly reporting, which they suggested may provide little value in relation to the volume of claims. UED Multinet suggested similar statistics are currently published annually under jurisdictional schemes have not identified any issues that would warrant increased frequency.

### **5.2.3 AER response**

The nature of events and matters captured by the compensation regime in each jurisdiction, and the point at which the regime is implemented, are matters beyond the control of the AER and not something we intend to comment on in this paper. What we have endeavoured to do for the purposes of this consultation is provide a structure for consideration of what performance indicators might be applied if and when a jurisdiction elects to adopt the compensation regime. While we accept the limitations of assessing possible indicators in the abstract, our aim is to identify the matters the AER is likely to consider when the need to develop such indicators arises, so that future consultation on this issue can be streamlined.

In developing this structure, we have focussed on indicators that are likely to be informative in the context of any jurisdiction's application of the compensation regime. We consider that some amount of comparison across jurisdictions, and across networks within a jurisdiction, can be valuable in an assessment of performance where differences in application are recognised and clearly explained. The extent to which customers are aware of and able to access the regime, and to which they are receiving appropriate levels of compensation when they do, are likely to be common to any application of the compensation regime.

Publication of information on the amounts granted in successful claims does carry risks. In addition to the concern that it may build unrealistic expectations for potential future claimants, it is always difficult to determine whether differences in the amount of compensation paid reflect positively or negatively on distributor performance. Similarly, the number of claims made to a distributor is likely to be driven largely by the number of claimable incidents that have occurred, and it may be difficult to infer



how customer awareness of the regime may have contributed to such a statistic. Raw data is unlikely to be informative without qualitative information providing context to the number and value of claims made. This information is an essential interpretive aide in the analysis of more quantitative indicators. It is also as an opportunity to share information on positive initiatives taken by distributors to improve the operation of the compensation regime, and to build a body of information on industry best practice.

While the AER can not use performance reporting requirements to augment or vary the obligations to customers established by the Customer Framework, we consider it both constructive and useful to explore differences in the way that distributors meet their obligations. We will therefore encourage regulated entities to share details of positive steps taken to improve the operation and accessibility of the small compensation claims scheme and alert the AER of any issues identified and what steps were taken to rectify them.

We prefer to provide opportunities to submit qualitative information to explain trends or anomalies in quantitative indicators, rather than to apply pre-determined exceptions or exclusions. Such carve-outs are likely to result in the exclusion of information on the performance of the compensation regime at times when it is the most important to customers. Where a distributor considers the AER may draw unreasonable conclusions as to its performance in response to an event, information explaining the nature of the event and the steps taken to mitigate its impact will be taken into account and reflected in any evaluative commentary made in our reports.

Our proposed starting point for consideration of the performance indicators that will apply to any application of the compensation regime is therefore a combination of quantitative indicators and explanatory comment. These indicators will explore the number of claims made in response to like incidents, and the amount of compensation paid for like matters. We will also look at the service provided to customers who make claims under the regime, by examining complaints that may reflect poor or improper administration of the regime.

We consider that quarterly reporting of distributor performance in relation to the compensation regime for a transitional period is appropriate. If, over time, the data collected suggests that a lower frequency is sufficient—either because performance reports are consistently positive or because claimable incidents are so infrequent as to make quarterly reporting redundant—we will consider the reduction of reporting frequency.

#### **5.2.4 AER updated proposal**

While uncertainty remains as to which jurisdictions will adopt the small claims compensation regime and in what form, we do not consider it appropriate to consult on fixed indicators of distributor performance in this area.

We will initiate consultation on appropriate performance indicators for each compensation regime as its scope and application is determined. Where multiple regimes are settled at the same time, we are likely to combine such consultations to reduce any unnecessary duplication in the consideration of common issues.

The starting point for any such consultation, and the development of indicators, will be the general principles and indicators outlined above. Quarterly reporting is likely to be required for a transitional period at the commencement of the regime in any jurisdiction. However as discussed above, the AER may vary this frequency once it is

satisfied that each business has a functioning small compensation claims scheme and is aware of, and capable of meeting, its obligations under that scheme.

## A. Proposed indicators for AER Retail Market Performance Reports

The proposed indicators set out in this appendix reflect the updated positions presented in this paper, and should be read in conjunction with the paper as a whole.

Definitions and reporting protocols relevant to each indicator are provided throughout.

Unless otherwise stated, the following definitions and protocols apply to all indicators listed in this appendix A:

### Customers and customer categories

**Customer:** has the meaning given in sections 2 and 5(1) of the Retail Law.

Different customer categories must be identified for different indicators, as specified in the tables below. Unless otherwise specified, the following definitions apply:

- **Residential customer:** has the meaning given in section 2 of the Retail Law.
- **Small business customer:** has the meaning given in sections 2 and 5(2)(b) of the Retail Law, and includes *small market offer customers*.
- **Small market offer customer:** has the meaning given in section 5(4) of the Retail Law.
- **Small customer:** has the meaning given in sections 2 and 5(2) of the Retail Law, and includes *residential customers* and *small business customers*.
- **Large customer:** has the meaning given in section 5(3) of the Retail Law.

Individual indicators may also require identification or exclusion of particular types of customers within these categories. For these purposes the following, additional definitions apply:

- **PPM customer:** means a *residential customer* using a prepayment meter system (PPM) under a prepayment meter market retail contract for electricity or gas, and includes customers in a trial period.
- **Hardship program customer:** means a *residential customer* who has been removed from the normal debt collection activity and accepted into a retailer's hardship program.
- **Energy concession customer:** means a *residential customer* that is recorded by the retailer as being entitled to receive an energy concession, where the concession is administered or delivered by the retailer.

### Fuel type (electricity, gas)

Data must be reported separately for electricity and gas for all indicators unless otherwise specified.

A customer who purchases both gas and electricity from a single retailer must be counted as one electricity customer **and** one gas customer. Dual fuel customers will **not** be counted separately.

## Participating jurisdictions

**Participating jurisdiction:** means a jurisdiction in which the Customer Framework (comprising the Retail Law, Rules and Regulations) has commenced in whole or in part.

For this purpose, the Customer Framework is taken to have commenced on the date from which the provisions of the Retail Law, Rules and Regulations apply to regulated entities in that jurisdiction.

Data must be reported separately for each participating jurisdiction unless otherwise specified.

## Relevant reporting period

**Relevant reporting period:** means the period by reference to which an indicator is to be measured, recorded and submitted to the AER.

e.g. If the *relevant reporting period* for indicator X is 'Quarterly', data must be recorded for that quarter and submitted to the AER at the conclusion of the quarter.

Different protocols apply to different indicators:

- Data for a specified *relevant reporting period* may be required in respect of intervals within that period.

e.g. If the *relevant reporting period* for indicator X is 'Quarterly', a regulated entity may be required to record data for each month within the quarter, and that monthly data submitted to the AER at the conclusion of the quarter.
- Data for a specified *relevant reporting period* may be required in aggregate/total or as an average.

e.g. If the *relevant reporting period* for indicator X is 'Quarterly', data may be required in aggregate for that quarter, or as an average over that quarter.
- Data for a specified *relevant reporting period* may be required by reference to the period as a whole, or at a fixed point in time within that period.

e.g. If the *relevant reporting period* for indicator X is 'Quarterly', data may be required in aggregate/on average for that quarter, or as at the last calendar day of that quarter.

## Responses of 'nil' or 'not applicable'

If the response to an indicator in a *relevant reporting period* is zero, a 'Nil' response will be required.

e.g. If a retailer has zero residential electricity customers in Victoria, its response to proposed indicators A.1.1.1 to A.1.1.4 would be 'Nil'.

If an indicator is not applicable to an individual retailer, a response of 'not applicable' (N/A) will be required, together with a brief statement as to why the indicator does not apply.

e.g. A retailer who does not sell energy in any *participating jurisdiction* in which the use of pre-payment meter systems is permitted would respond 'N/A' to indicators A.6.1.1 to A.6.1.7, and note that they do not have customers in the relevant jurisdictions.

## Complaints

*Complaint* means ‘an expression of dissatisfaction made to an organisation, related to its product/services, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected’. Complaints can be made in person, by telephone or in writing (for example, letter, email, facsimile).

For the avoidance of doubt, complaints include the following type of contacts:

- Where a customer expresses dissatisfaction and seeks a response or resolution regarding the conduct, action, proposed action, or failure to act by the retailer, its employees, agents, contractors or other representatives. This includes failure by the retailer to observe its published or agreed practices or procedures or in respect of a product or service offered or provided by the retailer or its representatives;
- Where a customer threatens to involve, or enquired about the possibility of involving, a third party, for example, the jurisdictional energy ombudsman or Member of Parliament;
- Where a complaint is directed to the retailer on behalf of the customer by an energy ombudsman scheme.

A complaint should not be recorded:

- where dissatisfaction has been expressed, but the customer has not sought resolution.
- where contact relates solely to issues that are not the responsibility of the retailer (including distribution matters).
- where a customer’s request for information about a product or service provided by the retailer does not reflect dissatisfaction.

In instances where it is unclear whether a customer contact is or is not a complaint, the contact should be recorded as a complaint.

A complaint can be recorded at any stage during the interaction between a retailer and a customer (for example, a complaint can be recorded at the operator level, or more senior level, or at any stage during communication between the customer and the retailer). A complaint does not have to be escalated to a higher level to be recorded as a complaint.

The retailer should record all complaints received, including those that have been resolved prior to the end of the *relevant reporting period* by the retailer or by or in cooperation with an energy ombudsman.

A single contact may include more than one complaint. For example, two separate complaints should be registered if a customer makes a billing and then a marketing complaint during the same phone call.

More than one complaint can be made by the same customer in relation to the same issue. Each individual customer contact that is a complaint should be recorded and categorised as a complaint irrespective of the number of times a customer has made contact with a retailer on an issue. For example, two complaints should be recorded if a customer makes contact with a retailer twice on the same issue.

## A.1 Retail market overview

### A.1.1 Retail market structure

Indicator	Relevant definitions	Relevant reporting period
<p><b>A.1.1.1 The number of customers on <i>standard retail contracts</i></b></p>	<p>Retailers are required to submit the total number of <i>standard retail contracts</i> for the supply of energy held <i>on the last calendar day of the relevant reporting period</i> in each of the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers</i></li> <li>▪ <i>Small market offer customers</i></li> <li>▪ <i>Large customers</i></li> </ul> <p><i>Small market offer customers</i> are a subset of <i>small business customers</i>. For the purposes of this indicator, the number of contracts held by <i>small business customers</i> must be presented as <b>including</b> <i>small market offer customers</i>.</p> <p>A customer who purchases both gas and electricity under a single <i>standard retail contract</i> with a retailer should be counted as one electricity customer <b>and</b> one gas customer.</p> <p><i>Standard retail contract</i> has the meaning given in section 2 of the Retail Law.</p>	<p>Quarterly</p>
<p><b>A.1.1.2 The number of customers on <i>market retail contracts</i></b></p>	<p>Retailers are required to submit the total number of <i>market retail contracts</i> for the supply of energy held <i>on the last calendar day of the relevant reporting period</i> in each of the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> </ul>	<p>Quarterly</p>

	<ul style="list-style-type: none"> <li>▪ <i>Small business customers</i></li> <li>▪ <i>Small market offer customers</i></li> <li>▪ <i>Large customers</i></li> </ul> <p><i>Small market offer customers</i> are a subset of <i>small business customers</i>. For the purposes of this indicator, the number of contracts held by <i>small business customers</i> must be presented as <b>including</b> <i>small market offer customers</i>.</p> <p>A customer who purchases both gas and electricity under a single market retail contract with a retailer should be counted as one electricity customer <b>and</b> one gas customer.</p> <p><i>Market retail contract</i> has the meaning given in section 2 of the Retail Law.</p>	
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### A.1.2 Energy affordability

No reporting requirements are proposed at this time.

## A.2 Handling of customers experiencing payment difficulties

### A.2.1 Customers with energy bill debt

<p><b>A.2.1.1</b> Number of <i>small customers</i> repaying an energy bill debt</p>	<p>A retailer must report the total number of customers repaying an energy bill debt on the last day of the <i>relevant reporting period</i>, by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers (excluding hardship program customers)</i></li> <li>▪ <i>Small business customers.</i></li> </ul> <p><i>Energy bill debt</i> is the dollar amount owed to the retailer for the sale and supply of gas or electricity, excluding other services, which has</p>	<p>Quarterly</p>
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	<p>been outstanding to the energy retailer for a period of 90 days or more.</p> <p>An amount owing after the final bill has been issued by a retailer to a customer on termination of a customer contract (e.g. where a customer changes retailer) should not be counted as <i>energy bill debt</i>.</p>	
<b>A.2.1.2 Average amount of energy bill debt for small customers</b>	<p>A retailer must report the average amount of <i>energy bill debt</i> (as defined in A.2.1.1) owed by those customers who are in debt (as reported under A.2.1.1) on the last day of the <i>relevant reporting period</i>, by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers (excluding hardship program customers)</i></li> <li>▪ <i>Small business customers.</i></li> </ul> <p>The average amount of <i>energy bill debt</i> should be calculated as the total amount of <i>energy bill debt</i> (for the relevant customer category) divided by the number of customers in debt (as reported under A.2.1.1 for the relevant customer category).</p>	Quarterly
<b>A.2.1.3 Level of residential customer energy bill debt</b>	<p>A retailer must report the number of <i>residential customers (excluding hardship program customers)</i> with <i>energy bill debt</i> (as defined in A.2.1.1) on the last day of the <i>relevant reporting period</i> who owe:</p> <ul style="list-style-type: none"> <li>▪ over \$500 but less than or equal to \$1500,</li> <li>▪ over \$1500 but less than or equal to \$2500, and</li> <li>▪ over \$2500.</li> </ul>	Quarterly



## A.2.2 Centrepay

A.2.2.1 Number of <i>residential customers</i> using Centrepay	A retailer must report the number of <i>residential customers</i> using Centrelink's Centrepay to pay their energy bills on the last day of the <i>relevant reporting period</i> .	Quarterly
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## A.2.3 Payment plans

A.2.3.1 Number of <i>residential customers</i> (excluding <i>hardship program customers</i> ) on a payment plan	<p>A retailer must report the total number of <i>residential customers</i> (excluding <i>hardship program customers</i>) on a <i>payment plan</i> on the last calendar day of each month within the <i>relevant reporting period</i>.</p> <p><i>Payment plan</i> means a plan for a <i>residential customer</i> experiencing payment difficulties to pay a retailer by periodic instalments, any amount payable by the customer. A <i>payment plan</i> should only include an arrangement in which the customer is paying off an arrears component and consists of at least three instalments.</p> <p>Customers using a <i>payment plan</i> for convenience or flexible budgeting purposes should be <b>excluded</b> for the purposes of this indicator.</p>	Quarterly, with monthly data
A.2.3.2 Number of payment plans successfully completed	<p>A retailer must report the number of <i>residential customers</i> (excluding <i>hardship program customers</i>) who <i>successfully completed</i> their <i>payment plan</i> (as defined in A.2.3.1) within each calendar month of the <i>relevant reporting period</i>.</p> <p><i>Successfully completed a payment plan</i> occurs when a customer has paid of any arrears in full and is returned by agreement with the retailer to a normal billing and collection cycle, including where they agree to a new flexible payment arrangement.</p>	Quarterly, with monthly data

<b>A.2.3.3 Number of payment plans cancelled by the retailer for non-payment</b>	<p>A retailer must report the number of <i>payment plans</i> (as defined in A.2.3.1) <i>cancelled</i> by the retailer <i>for non-payment</i> within each calendar month of the <i>relevant reporting period</i>.</p> <p>A <i>payment plan</i> is <i>cancelled for non-payment</i> when the retailer cancels or terminates the <i>payment plan</i> as a result of the customer failing to make or pay instalments agreed to under the plan.</p>	Quarterly, with monthly data
<b>A.2.3.4 Number of residential customers (excluding hardship program customers) with two or more payment plans cancelled for non-payment in the last 12 months</b>	<p>A retailer must report the number of <i>residential customers (excluding hardship program customers)</i> with two or more <i>payment plans</i> (as defined in A.2.3.1) <i>cancelled for non-payment</i> (as defined in A.2.3.3) by the retailer in the previous 12 months, within the <i>relevant reporting period</i>.</p> <p>The previous 12 months is the 12 month (four quarter) period prior to the end of (but including) the <i>relevant reporting period</i>.</p>	Quarterly

### A.3 De-energisation (disconnection) and re-energisation (reconnection)

<b>A.3.1.1 Number of residential and small business customers disconnected for non-payment</b>	<p>A retailer must report the total number of customers <i>disconnected</i> for reasons of non-payment in each calendar month of the <i>relevant reporting period</i>, by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers</i></li> </ul> <p>Premises that are vacant at the time of disconnection should be excluded for the purposes of this indicator.</p> <p>Only completed disconnections should be reported. Where a disconnection has been requested by a retailer but not completed within the <i>relevant reporting period</i>, it should not be included in the</p>	Quarterly, with monthly data
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	<p>total for that period.</p> <p><i>Disconnection</i> has the meaning given in section 2 of the Retail Law.</p>	
<p><b>A.3.1.2 Number of residential and small business customers disconnected for non-payment on more than one occasion in the same name and at the same address in the previous 24 months</b></p>	<p>A retailer must report the total number of customers <i>disconnected</i> (as defined in A.3.1.1), in the same name and at the same address, for reasons of non-payment on more than one occasion <i>in the previous 24 months</i>, by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers</i></li> </ul> <p>The <i>previous 24 months</i> is the 24 month period prior to the end of (but including) the calendar month to which the report applies.</p>	<p>Quarterly</p>
<p><b>A.3.1.3 Number of residential and small business customers reconnected within 7 days of disconnection, in the same name and at the same address</b></p>	<p>A retailer must report the total number of customers <i>reconnected</i>, in the same name and at the same address, within 7 calendar days of <i>disconnection</i> for non-payment in each calendar month of the <i>relevant reporting period</i>, by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers</i></li> </ul> <p>Only completed reconnections should be reported. Where a reconnection has been requested by a retailer but not completed within the <i>relevant reporting period</i>, it should not be included in the total for that period.</p> <p>The seven (7) calendar days are inclusive, and the first calendar day should be counted as the day that the disconnection occurred.</p> <p>If the 7 day period for reconnection spans two calendar months (or</p>	<p>Quarterly, with monthly data</p>

	<p>two reporting periods), an instance of disconnection and reconnection within 7 days for the purposes of this indicator should be reported as occurring in the calendar month/reporting period in which reconnection actually occurred.</p> <p><i>Disconnection</i> and <i>Reconnection</i> have the meanings given in section 2 of the Retail Law.</p>	
<p><b>A.3.1.4 Number of residential and small business customers reconnected in the same name at the same address (regardless of the date of disconnection)</b></p>	<p>A retailer must report the total number of customers <i>reconnected</i>, in the same name and at the same address, after disconnection for non-payment in each calendar month of the <i>relevant reporting period</i>, by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers</i></li> </ul> <p>Only completed reconnections should be reported. Where a reconnection has been requested by a retailer but not completed within the <i>relevant reporting period</i>, it should not be included in the total for that period.</p> <p><i>Disconnection</i> and <i>Reconnection</i> have the meanings given in section 2 of the Retail Law.</p>	<p>Quarterly, with monthly data</p>
<p><b>A.3.1.5 Number of hardship program customers disconnected for non-payment</b></p>	<p>A retailer must report the total number of <i>hardship program customers</i> disconnected for reasons of non-payment (as defined in A.3.1.1) in the <i>relevant reporting period</i>.</p>	<p>Quarterly</p>
<p><b>A.3.1.6 Number of hardship program customers reconnected within 7 days of disconnection, in the same name and at the same address</b></p>	<p>A retailer must report the total number of <i>hardship program customers</i> reconnected, in the same name and at the same address, within 7 days of disconnection for non-payment (as defined in A.3.1.3) in the <i>relevant reporting period</i>.</p>	<p>Quarterly</p>

<b>A.3.1.7</b> Number of <i>energy concession customers</i> disconnected for non-payment	A retailer must report the total number of <i>energy concession customers</i> (as defined in A.4.1.1) disconnected for reasons of non-payment (as defined in A.3.1.1) in the <i>relevant reporting period</i> .	Quarterly
<b>A.3.1.8</b> Number of <i>energy concession customers</i> reconnected within 7 days of disconnection, in the same name and at the same address	A retailer must report the total number of <i>energy concession customers</i> (as defined in A.4.1.1) reconnected, in the same name and at the same address, within 7 days of disconnection for non-payment (as defined in A.3.1.3) in the <i>relevant reporting period</i> .	Quarterly
<b>A.3.1.9</b> Number of <i>residential customers</i> (excluding <i>hardship program customers</i> ) disconnected for non-payment of a bill who were on a <i>payment plan</i> in the previous 12 months	<p>A retailer must report the total number of <i>residential customers</i> (excluding <i>hardship program customers</i>) disconnected for reasons of non-payment of a bill (as defined in A.3.1.1) in the <i>relevant reporting period</i> who were on a <i>payment plan</i> (as defined in A.2.3.1) in the <i>previous 12 months</i>.</p> <p>The previous 12 months is the 12 month (four quarter) period prior to the end of (but including) the <i>relevant reporting period</i>.</p>	Quarterly
<b>A.3.1.10</b> Number of <i>residential customers</i> (excluding <i>hardship program customers</i> ) who were on a <i>payment plan</i> in the previous 12 months who were reconnected within seven days of disconnection in the same name and at the same address	<p>A retailer must report the total number of <i>residential customers</i> (excluding <i>hardship program customers</i>) reconnected in the same name and at the same address (as defined in A.3.1.3), within 7 calendar days of disconnection for non-payment in the <i>relevant reporting period</i> who were on a <i>payment plan</i> (as defined in A.2.3.1) in the <i>previous 12 months</i>.</p> <p>The previous 12 months is the 12 month (four quarter) period prior to the end of (but including) the <i>relevant reporting period</i>.</p>	Quarterly

## A.4 Concessions

<b>A.4.1.1</b> Number of <i>residential customers</i> recorded by the retailer as entitled to a government funded energy concession administered or delivered by the retailer	<p>A retailer must report the number of <i>energy concession customers</i> held on the last day of the <i>relevant reporting period</i>.</p> <p>Where multiple concessions (or rebates) have been applied to a customer's account during the reporting period, this should be counted as one customer.</p> <p>Customers who are recorded by the retailer as receiving a concession which is applied on a seasonal basis (for example, the Winter Energy Concession in Victoria) should be reported in all reporting periods, even during periods where the concession (or rebate) is not applied to their account, as long as they remain eligible for the concession.</p> <p>Customers who only receive a concession which is not administered or delivered by the retailer (for example, Queensland's Medical Cooling and Heating Electricity Concession Scheme) should be excluded for the purposes of this reporting.</p>	Quarterly
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## A.5 Prepayment meters

<b>A.5.1.1</b> Total number of <i>PPM customers</i>	<p>A retailer must report the total number of <i>residential customers</i> using a <i>prepayment meter system</i> on the last day of the <i>relevant reporting period</i>.</p> <p>Retailers will be required to report on all <i>PPM customers</i> (customers using a prepayment meter (PPM) system) in each jurisdiction regardless of the applicability of the Customer Framework prepayment meter provisions for the particular state. This will also include PPM customers in a <i>trial period</i>.</p>	Quarterly
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	<p><i>Prepayment meter system (PPM)</i> has the meaning given in section 2 of the Retail Law.</p> <p><i>Prepayment meter market retail contract</i> has the meaning given in section 2 of the Retail Law.</p> <p><i>Trial period</i> has the meaning given in clause 127 and 130(2) of the Retail Rules.</p>	
<b>A.5.1.2 Number of PPM customers that receive an energy concession</b>	A retailer must report the total number of <i>PPM customers</i> (as defined in A.5.1.2) that are <i>energy concession customers</i> (as defined in A.4.1.1) as at the last day of the <i>relevant reporting period</i> .	Quarterly
<b>A.5.1.3 Number of PPMs removed due to payment difficulties</b>	<p>A retailer must report the number of PPMs removed due to payment difficulties, including those PPMs which have been removed due to payment difficulties during a trial period, in the <i>relevant reporting period</i>.</p> <p><i>Removal of a prepayment meter system</i> has the meaning given in r.127 of the Retail Rules.</p> <p>For the purposes of this indicator, a PPM should be reported as having been removed <b>due to payment difficulties</b> if it has been removed in response to a request or offer made under r.141(2) of the Retail Rules.</p>	Quarterly
<b>A.5.1.4 Number of PPM customers using a PPM system capable of detecting and reporting self-disconnections</b>	<p>A retailer must report the total number of <i>PPM customers</i> (as defined at A.5.1.1) using a PPM system which is capable of identifying to the retailer every instance of a small customer's <i>self-disconnection</i> and the duration of that <i>self-disconnection</i>, as required under r.141 of the Retail Rules, on the last day of the <i>relevant reporting period</i>.</p> <p><i>Self-disconnection</i> has the meaning given in r.127 of the Retail Rules.</p>	Quarterly

<p><b>A.5.1.5 Total number of PPM self-disconnection events</b></p>	<p>A retailer must report the total number of <i>self disconnection events</i> for <i>PPM customers</i> (including <i>self disconnection events</i> which occurred during the trial period) during the <i>relevant reporting period</i>.</p> <p><i>Self-disconnection event</i> means an instance of self-disconnection, as defined in r.127 of the Retail Rules.</p> <p>Where a single customer <i>self-disconnects</i> more than once during the <i>relevant reporting period</i>, each <i>self disconnection event</i> must be reported separately.</p>	<p>Quarterly</p>
<p><b>A.5.1.6 Total number of PPM customers self-disconnected</b></p>	<p>A retailer must report the total number of <i>PPM customers</i> that <i>self disconnected</i> (including all instances of self disconnecting during the trial period) during the <i>relevant reporting period</i>.</p> <p>Where a single customer <i>self-disconnects</i> more than once during the <i>relevant reporting period</i>, this must be recorded as one customer <i>self-disconnecting</i>.</p>	<p>Quarterly</p>
<p><b>A.5.1.7 Average duration of self-disconnection events</b></p>	<p>A retailer must report the <i>average duration</i> of all self-disconnection events that occurred during the <i>relevant reporting period</i>.</p> <p>The <i>average duration</i> is calculated by summing the <i>duration</i> of all <i>self-disconnection events</i> in the <i>relevant reporting period</i> and dividing this by the total number of <i>self-disconnection events</i>.</p> <p>The <i>duration</i> of an individual <i>self disconnection event</i> will commence from the time supply to the customer's premise is interrupted until the time at which supply is restored.</p>	<p>Quarterly</p>
<p><b>A.5.1.8 Duration of self-disconnection events</b></p>	<p>A retailer must report on the number of <i>self-disconnection events</i> during the <i>relevant reporting period</i> where the <i>duration</i> (as defined in A.5.1.7) was:</p>	<p>Quarterly</p>



	<ul style="list-style-type: none"> <li>▪ Between 0 minutes and 12 hours,</li> <li>▪ Over 12 hours but less than 48 hours,</li> <li>▪ Over 2 days but less than 7 days, and</li> <li>▪ Over 7 days.</li> </ul>	
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## A.6 Security deposits

<b>A.6.1.1</b> Number and aggregate value of security deposits held by retailers for <i>residential and small business customers</i>	<p>A retailer must report the number and aggregate (total) value of security deposits held as a security against non-payment of a bill on the last calendar day of the <i>relevant reporting period</i> for the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>residential customers</i></li> <li>▪ <i>small business customers</i></li> </ul> <p><i>Security deposit</i> has the meaning given in r.3 of the Retail Rules.</p>	Quarterly
<b>A.6.1.2</b> Number and aggregate value of security deposits held for longer than 12 months for <i>residential customers</i> and 24 months for <i>small business customers</i>	<p>A retailer must report the number and aggregate (total) value of security deposits, as at the last calendar day of the <i>relevant reporting period</i>:</p> <ul style="list-style-type: none"> <li>▪ from <i>residential customers</i> that have been held by the retailer for longer than 12 months</li> <li>▪ from <i>small business customers</i> that have been held by the retailer for longer than 24 months.</li> </ul> <p>Where a security deposit is due to be returned to a customer within the <i>relevant reporting period</i> and has not been returned, that security deposit must be recorded as one entry, and its value added to the total</p>	Quarterly

	value of security deposits in that category. <i>Security deposit</i> has the meaning given in r.3 of the Retail Rules.	
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## A.7 Customer service

<p><b>A.7.1.1 Total number of calls to an operator</b></p>	<p>A retailer must report the total number of calls received by an operator or customer service officer/representative, including sales calls and any abandoned calls, in the <i>relevant reporting period</i>.</p> <p>This should also include calls received by third parties such as contractors or marketing agents acting on behalf of a retailer.</p> <p>Data can be provided on a national basis, and is <b>not</b> required to distinguish between <i>participating jurisdictions</i>.</p> <p>Retailers are <b>not</b> required to distinguish between electricity and gas callers, or customer categories.</p> <p>Where a retailer uses an <i>Automated or Integrated Voice Response (IVR) telephone system</i>, it should exclude any calls not requiring the operator's attention or abandoned before the customer opts to speak to an operator.</p> <p><i>Automated or Integrated Voice Response (IVR) telephone systems</i> include technology which allows customers to service their own enquiries by following the instructions and navigating menu choices via the telephone keypad or by speech recognition.</p>	<p>Quarterly</p>
<p><b>A.7.1.2 Number and percentage of calls forwarded to an operator that are answered within 30 seconds.</b></p>	<p>A retailer must report the total number and percentage of calls forwarded to an operator that are answered within 30 seconds in the <i>relevant reporting period</i>.</p>	<p>Quarterly</p>

	<p>Where retailers use an <i>Automated or Integrated Voice Response (IVR) telephone system</i>, monitoring should commence from when the caller chooses to speak to an operator. In the case of non-IVR systems, the time commences when the call is received by the switchboard. Where the call centres provide an option to call the customer back within a defined period of time (rather than have the customer wait on hold until the next operator is available), the call will be considered to have been answered within 30 seconds, providing the caller selected the option within 30 seconds and the telephone call was returned by the call centre within the defined time period.</p> <p>The percentage of operator calls responded to within 30 seconds indicator is calculated by dividing the number of operator calls responded within 30 seconds by the total number of calls to an operator.</p> <p>Data can be provided on a national basis, and is <b>not</b> required to distinguish between <i>participating jurisdictions</i>.</p> <p>Retailers are <b>not</b> required to distinguish between electricity and gas callers, or customer categories.</p>	
<p><b>A.7.1.3 Average time before an operator answers a call</b></p>	<p>A retailer must report the average time waited by callers before a call is answered by an operator in the <i>relevant reporting period</i>.</p> <p>This indicator is calculated by dividing the total time waited by callers (before their telephone call was answered by an operator) by the total number of calls to an operator.</p> <p>Only answered calls should be included. In reporting against this indicator, retailers should not include details of abandoned calls or</p>	<p>Quarterly</p>

	<p>the average waiting time before a call is abandoned.</p> <p>Where a caller to an <i>Automated or Integrated Voice Response (IVR) telephone system</i> seeks to talk to an operator, monitoring of the call waiting time should commence when the caller selects the relevant IVR operator option and conclude when an operator picks up the call to speak to the customer.</p> <p>For non IVR systems, the monitoring time should commence when the call is received by the switchboard and cover the time until an operator picks up the call and is able to deal with the customer's inquiry rather than place the customer back in a queue, including any time spent in a queue.</p> <p>Data can be provided on a national basis, and is <b>not</b> required to distinguish between <i>participating jurisdictions</i>.</p> <p>Retailers are <b>not</b> required to distinguish between electricity and gas callers, or customer categories.</p>	
<p><b>A.7.1.4 Number and percentage of calls abandoned before being answered by an operator.</b></p>	<p>A retailer must report the total number and percentage of calls abandoned before being answered by an operator in the <i>relevant reporting period</i>.</p> <p>Abandoned calls include those calls where the caller hangs up before speaking to an operator and includes those calls that were abandoned in under 30 seconds.</p> <p>For retailers with IVR systems, this should only include the number of calls abandoned where the caller chooses to speak to an operator, and abandons the call after that choice is recorded.</p> <p>The percentage of calls abandoned is calculated as the percentage of the total number of calls to an operator reported (as defined in</p>	<p>Quarterly</p>

	<p>A.7.1.1).</p> <p>Data can be provided on a national basis, and is <b>not</b> required to distinguish between <i>participating jurisdictions</i>.</p> <p>Retailers are <b>not</b> required to distinguish between electricity and gas callers, or customer categories.</p>	
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## A.8 Complaints

<b>A.8.1.1 Complaints – total</b>	<p>A retailer must report the total number of <i>complaints</i> made by small customers in the <i>relevant reporting period</i> by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers.</i></li> </ul> <p>Separate reporting for gas and electricity complaints is <b>not</b> required. (The total number of complaints reported under this indicator will be equal to the total number of complaints recorded under A.8.1.2 to A.8.1.5 below.)</p>	Quarterly
<b>A.8.1.2 Complaints – marketing</b>	<p>A retailer must report the total number of <i>marketing complaints</i> made in the <i>relevant reporting period</i> by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers.</i></li> </ul> <p>Separate reporting for gas and electricity complaints is <b>not</b> required. <i>Marketing complaint</i> means a <i>complaint</i> associated with a retailer’s</p>	Quarterly

	or its agents/representatives' actions in seeking to sign up a small customer for a contract for energy supply/service and may include matters such as the sales approach or conduct, advertising campaigns, contract terms, sales techniques, misleading conduct, etc.	
<b>A.8.1.3 Complaints - billing</b>	<p>A retailer must report the total number of <i>billing complaints</i> made in the <i>relevant reporting period</i> by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers.</i></li> </ul> <p>Separate reporting for gas and electricity complaints is <b>not</b> required.</p> <p><i>Billing complaint</i> means a <i>complaint</i> regarding prices, overcharging, high bills, billing errors, payment terms and methods, failure to receive government rebates and debt recovery practices, etc.</p>	Quarterly
<b>A.8.1.4 Complaints – customer transfers</b>	<p>A retailer must report the total number of <i>customer transfer complaints</i> made in the <i>relevant reporting period</i> by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers.</i></li> </ul> <p>Separate reporting for gas and electricity complaints is <b>not</b> required.</p> <p><i>Customer transfer complaint</i> means a complaint regarding the financial responsibility for a customers NMI or MRN being transferred to a market contract with either an existing or new retailer and may also include general transfer complaints such as failure to transfer within a certain period, disruption of supply due to transfer and billing problems directly associated with transfer, etc.</p>	Quarterly

<b>A.8.1.5 Complaints – Other</b>	<p>A retailer must report the total number of <i>other complaints</i> made in the <i>relevant reporting period</i> by reference to the following customer categories:</p> <ul style="list-style-type: none"> <li>▪ <i>Residential customers</i></li> <li>▪ <i>Small business customers.</i></li> </ul> <p>Separate reporting for gas and electricity complaints is <b>not</b> required.</p> <p><i>Other complaints</i> include any complaint not included in the definitions of marketing, billing and customer transfer complaints above.</p>	Quarterly
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## A.9 Hardship program indicators

<b>A.9.1.1 Number of customers on a retailer’s hardship program</b>	<p>A retailer must report the total number of <i>residential customers</i> on their <i>hardship program (hardship program customers)</i> as at the last calendar day of each month in the <i>relevant reporting period</i>.</p> <p>To be on a retailer’s hardship program means the customer has been accepted into the retailer’s hardship program and removed from the normal debt collection activity.</p>	Quarterly, with monthly data
<b>A.9.1.2 Number of hardship program customers recorded by the retailer as entitled to receive a government funded energy concession, administered or delivered by the retailer</b>	<p>A retailer must report the total number of <i>hardship program customers</i> that are entitled to receive a government funded energy concession (as defined in A.4.1.1) as at the last day of the <i>relevant reporting period</i>.</p>	Quarterly
<b>A.9.1.3 Number of customers denied access to the hardship program</b>	<p>A retailer must report the total number of <i>residential customers</i> who are <i>denied access</i> to their hardship program in <i>each month</i> in the</p>	Quarterly, with monthly data

	<p><i>relevant reporting period.</i></p> <p><i>Denied access</i> means a residential customer who is referred to the hardship program by any means (e.g. identified by the retailer or self-identified by the customer or by a third-party) but who is not accepted onto the hardship program. This does not include customers who decline to participate in the program.</p>	
<b>A.9.1.4 Average debt upon entry into the hardship program</b>	<p>A retailer must report the average <i>energy bill debt</i> (as defined in A.2.1.1) for <i>hardship program customers</i> upon entry into the hardship program as at the last calendar day of each month in the <i>relevant reporting period.</i></p> <p>This indicator is calculated only for customers who entered the program in the relevant calendar month. It is calculated by summing the <i>energy bill debt</i> of those <i>hardship program customers</i> who entered the hardship program in the relevant month (as recorded on the last day of the month in which they entered the program), and dividing this by the number of <i>hardship program customers</i> who entered the program in the relevant calendar month.</p>	Quarterly, with monthly data
<b>A.9.1.5 Levels of debt of customers entering the hardship program</b>	<p>A retailer must report as at the last calendar day of each month in the <i>relevant reporting period,</i> the number of <i>hardship program customers</i> entering the hardship program, with an <i>energy bill debt</i> (as defined in A.9.1.4) of</p> <ul style="list-style-type: none"> <li>▪ Between \$0 and \$500</li> <li>▪ Over \$500 but less than \$1,500</li> <li>▪ Over \$1,500 but less than \$2,500</li> <li>▪ \$2,500 or more.</li> </ul>	Quarterly, with monthly data



<p><b>A.9.1.6 Average <i>debt</i> of hardship program customers</b></p>	<p>A retailer must report the average <i>energy bill debt</i> (as defined in A.2.1.1) of <i>hardship program customers</i> as at the last calendar day of each month in the <i>relevant reporting period</i>.</p> <p>This indicator is calculated as the total <i>energy bill debt</i> of all <i>hardship program customers</i> as at the last calendar day of each month in the <i>relevant reporting period</i>, divided by the number of <i>hardship program customers</i>.</p>	<p>Quarterly, with monthly data</p>
<p><b>A.9.1.7 Proportion of <i>hardship program customers</i> who are:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Not meeting ongoing energy costs (debt increasing);</b></li> <li>▪ <b>Covering ongoing energy costs (debt stable);</b></li> <li>▪ <b>Covering ongoing energy costs and portion of arrears (debt reducing).</b></li> </ul>	<p>A retailer must report as at <i>the last calendar day of the relevant reporting period</i>, the proportion of <i>hardship program customers</i> who are:</p> <ul style="list-style-type: none"> <li>▪ <i>Not meeting ongoing energy costs</i> (debt increasing);</li> <li>▪ <i>Covering ongoing energy costs</i> (debt stable);</li> <li>▪ <i>Covering ongoing energy costs and arrears</i> (debt reducing).</li> </ul> <p>Each category above should be reported as a percentage of the total number of <i>hardship program customers</i>.</p> <p><i>Not meeting ongoing energy costs</i> is <u>either</u> where the <i>hardship program customer's</i> regular payment amount (for example, weekly, fortnightly, monthly etc) <b>does not equal</b> the payment amount (for the required payment frequency) calculated by the retailer to meet the customer's expected energy bill costs over the next 12-month period; <u>or</u> where the <i>hardship program customer's energy bill debt</i> at the end of the quarter is <b>more than 10 per cent higher</b> compared to 6 months prior.</p> <p><i>Covering ongoing energy costs</i> is <u>either</u> where the <i>hardship program customer's</i> regular payment amount (for example, weekly, fortnightly, monthly etc) <b>is equal to</b> the payment amount (for the</p>	<p>Quarterly</p>

	<p>required payment frequency) calculated by the retailer to meet the customer's expected energy bill costs over the next 12-month period; <u>or</u> where the <i>hardship program customer's energy bill debt</i> at the end of the quarter is <b>between 10 per cent lower and 10 per cent higher</b> compared to 6 months prior.</p> <p><i>Covering ongoing energy costs and arrears</i> is <u>either</u> where the <i>hardship program customer's</i> regular payment amount (for example, weekly, fortnightly, monthly etc) <b>exceeds</b> the payment amount (for the required payment frequency) calculated by the retailer to meet the customer's expected energy bill costs over the next 12-month period; <u>or where</u> the <i>hardship program customer's energy bill debt</i> at the end of the quarter is <b>more than 10 per cent less</b> compared to 6 months prior.</p> <p>Where the second option is supported for reporting against this indicator; retailers will also be required to report the proportion of <i>hardship program customers</i> who were not in the hardship program 6 months prior or for whom data on debt levels 6 months prior is not available.</p>	
<p><b>A.9.1.8 Customers who are managing their payment plans (payment plan success rate)</b></p>	<p>A retailer must report the proportion of <i>hardship program customers</i> who are managing payment plans as at <i>the last calendar day of the relevant reporting period</i>.</p> <p>This indicator is calculated as the number of <i>hardship program customers</i> who the retailer considers as making payments towards their agreed payment arrangement, as a percentage of the total number of payment arrangements under the hardship program.</p>	<p>Quarterly</p>
<p><b>A.9.1.9 Number of customers exiting the hardship program</b></p>	<p>A retailer must report the number of customers who exit hardship program in <i>each month</i> in the <i>relevant reporting period</i></p>	<p>Quarterly, with monthly data</p>

<p><b>A.9.1.10 Number of customers who:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Successfully completed the program or exited the hardship program by agreement with the retailer;</b></li> <li>▪ <b>Were excluded /removed from the program for non-compliance;</b></li> <li>▪ <b>Transferred away from the retailer.</b></li> </ul>	<p>A retailer must report the number of <i>residential customers</i> who, in each month in the <i>relevant reporting period</i>:</p> <ul style="list-style-type: none"> <li>▪ <i>Successfully completed the program</i> or exited the hardship program by agreement with the retailer;</li> <li>▪ <i>Were excluded</i> or removed from the program for non-compliance;</li> <li>▪ <i>Left the retailer.</i></li> </ul> <p><i>Successfully completed the program</i> or exited the hardship program by agreement with the retailer is where a customer has completed or exited the hardship program and is returned, by agreement with the retailer, to the normal billing and collection cycles (including where the customer agrees to a new payment arrangement).</p> <p><i>Excluded</i> or removed from the program for non-compliance is where a customer exits the hardship program at the behest of the retailer for failing to adhere to the program requirements. This may include instances where the hardship program customer fails to make contact with the retailer or make agreed payments towards their energy account. Customers who leave the hardship program because they feel they are unable to continue to meet the program requirements or payments requested by the retailer should be reported here.</p> <p><i>Left the retailer</i> includes customers who exit the hardship program because they are no longer a customer of that retailer. This will include customers who have transferred or switched to another retailer and those who have changed retailers through moving premises etc.</p>	<p>Quarterly, with monthly data</p>
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<p><b>A.9.1.11</b> Number of <i>residential customers disconnected for non-payment of a bill who successfully completed the hardship program in the previous 12 months</i></p>	<p>A retailer must report the total number of <i>residential customers</i> who were disconnected for non-payment (as defined in A.3.1.1) in each month of the <i>relevant reporting period</i> who <i>successfully completed the hardship program</i> (as defined in A.9.1.10) in the previous 12 months.</p> <p>The previous 12 months is the 12 month period prior to the end of (but including) the calendar month to which the report applies.</p>	<p>Quarterly, with monthly data</p>
<p><b>A.9.1.12</b> Number of <i>residential customers who successfully completed the hardship program in the previous 12 months who were reconnected in the same name and at the same address within seven days of disconnection</i></p>	<p>A retailer must report the total number of <i>residential customers</i> reconnected, in the same name and at the same address, within 7 days of disconnection for non-payment (as defined in A.3.1.3) in the <i>relevant reporting period</i> who <i>successfully completed the hardship program</i> (as defined in A.9.1.10) in the previous 12 months.</p> <p>The previous 12 months is the 12 month period prior to the end of (but including) the calendar month to which the report applies.</p>	<p>Quarterly, with monthly data</p>
<p><b>A.9.1.13</b> Assistance provided to <i>hardship program customers</i></p>	<p>A retailer must report the number of <i>hardship program customers</i> who, in the <i>relevant reporting period</i>:</p> <ul style="list-style-type: none"> <li>▪ Were notified of government concessions or grants</li> <li>▪ Were notified of, or referred to, a financial counselling service</li> <li>▪ Received energy efficiency information (including a telephone energy audit or the provision of leaflets etc.)</li> <li>▪ Had their prepayment meter (PPM) removed</li> <li>▪ Had their market retail contract reviewed</li> </ul> <p>Retailers are also able to report on the other types of assistance available and provided to the <i>hardship program customers</i>.</p>	<p>Quarterly</p>

<b>A.9.1.14 Payment methods of <i>hardship</i> program customers</b>	<p>A retailer must report the number of <i>hardship program customers</i> who, in the <i>relevant reporting period</i>, use the following payment methods:</p> <ul style="list-style-type: none"> <li>▪ <i>Payment plan</i> (as defined in A.2.3.1)</li> <li>▪ Centrepay (as defined in A.2.2.1)</li> <li>▪ Prepayment meter (PPM) (as defined in A.5.1.1)</li> <li>▪ Any other payment method specified by the retailer.</li> </ul>	Quarterly
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## A.10 Distributor performance reporting

No reporting requirements are proposed at this time.

## **B. Submissions on performance reporting issues paper**

Submissions were received from the following parties:

ActewAGL Retail (ActewAGL)

AGL Energy Limited (AGL)

Australian Power and Gas (APG)

Citipower Pty Ltd and Powercor Australia Ltd (Citipower and Powercor)

Consumer Utilities Advocacy Centre (CUAC)

ENERGEX Ltd (ENERGEX)

Energy & Water Ombudsman NSW (EWON)

Energy & Water Ombudsman Victoria (EWOV)

Energy Australia

Energy Ombudsman Queensland (EOQ)

Energy Retailers Association of Australia (ERAA)

Ergon Energy Corporation Limited and Ergon Energy Queensland Ltd (Ergon Energy)

Jemena Limited (Jemena)

Origin Energy (Origin)

Public Interest Advocacy Centre (PIAC)

Queensland Council of Social Services (QCOSS)

South Australian Council of Social Services (SACOSS)

Tasmanian Council of Social Services (TasCOSS)

TRUenergy Pty Ltd (TRUenergy)

United Energy Distribution Pty Ltd Multinet Group Holdings Pty Ltd (UED Multinet)

UnitingCare Australia (UnitingCare)

## **C. Submissions on hardship indicators issues paper**

Submissions were received from the following parties:

ActewAGL Retail (ActewAGL)

AGL Energy Limited (AGL)

Consumer Utilities Advocacy Centre (CUAC)

Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA)

Energy & Water Ombudsman NSW (EWON)

Energy & Water Ombudsman Victoria (EWOV)

Energy Australia

Energy Industry Ombudsman South Australia (EIOSA)

Energy Retailers Association of Australia (ERAA)

Ergon Energy Corporation Limited and Ergon Energy Queensland Pty Ltd (Ergon Energy)

Etrog Consulting (Etrog)

Financial and Consumer Rights Council (FCRC)

Financial Counsellors' Association of Queensland (FCAQ)

Integral Energy

Origin Energy (Origin)

Public Interest Advocacy Centre (PIAC)

Queensland Council of Social Services (QCOSS)

Queensland University of Technology, Credit, Commercial and Consumer Law Program (QUT)

South Australian Council of Social Services (SACOSS)

Simply Energy

Tasmanian Council of Social Services (TasCOSS)

TRUenergy Pty Ltd (TRUenergy)

UnitingCare Australia (UnitingCare)