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Australian Energy Regulator

Level 17, 2 Lonsdale Street

Melbourne VIC 3000

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AER draft Hardship Guideline

AGL Energy (AGL) welcomes the opportunity to comment on the Australian Energy Regulator's (AER) draft Hardship Guideline.

AGL believes the draft Guideline as being a measured approach for the AER to meet the new obligations under 75A of the National Energy Retail Rules (NERR). We believe the Guidelines are positive step in setting a consistent level of service while also providing scope for retailers to seek out other support options over and above the minimum. In particular, we consider the draft Guideline:

- Assists in applying standardised obligations equally and consistently across all retailers to facilitate consistent consumer outcomes.
- Raises retailer responsibilities regarding accessibility for customers while taking on feedback from the Issues paper as to the extent/application of these obligations in a Guideline.
- Provides information to stakeholders as to the consideration of the AER, and the way it assessed stakeholder feedback received during previous consultations. This helps stakeholders understand the reasons behind decisions.

AGL believes the draft Guidelines could be further improved in line with the objective of customers receiving a consistent experience in particular:

- The importance of including both retailer and customer responsibilities in a hardship policy. As a consumer facing document, it is important to provide customers with information about their responsibilities in receiving assistance (e.g. telling us when circumstances have changed).
- A clear understanding for stakeholders on how the AER will measure success. Some of the performance indicators used by the AER in isolation are not appropriate measures, such as an increase of debt for customers on the hardship program.
- The recent addition of subjective wording in the action statements should be removed.
- Some technical/minor adjustments to language.

We would also like to reiterate that the AGL hardship policy, Staying Connected, was recently approved by the AER, in November 2018, as meeting the minimum requirements of the NERL but note that some of the elements in the draft Guideline go beyond our policy and set a higher bar for the AER's interpretation of the minimum requirements.



Specifically, the indicators used for early identification and the process used to engage those customers. We would encourage the AER to consider using AGL's recently approved hardship policy as a base line for the minimum requirements.

Further information on this and the above matters are provided in the attachment. Should you have any questions or comments, please contact Kathryn Burela on 0498 001 328 or kburela@agl.com.au.

Yours sincerely

[Signed]

Con Hristodoulidis

Senior Manager Regulatory Strategy



APPENDIX

Measures of success

AGL would like further clarification from the AER on how it will measure success, and what success it intends to measure. The current measures quoted by the AER in consultation papers and forums, such as the low levels of customer graduation from hardship programs and the accumulation of further debt while on the hardship program, are not useful measures of success in themselves.

The purpose of the Guideline is providing consistency across retailer hardship policies for customers to ensure the minimum requirements of the National Energy Retail Law (NERL) are met. Therefore, reporting and success of measures should be based on this objective and the above example indicators do not facilitate this.

Another reason these measures are problematic when viewed in isolation is that they do not accurately reflect the customer circumstances behind them. As AGL has previously informed the AER, a significant proportion of our hardship customers are on payment arrangements that are below debt and usage but is set in a way that is sustainable and affordable for their circumstances. These customers will accumulate debt but will continue to have access to an energy supply and be protected from disconnection while actively participating in the program.

Matter	AGL comment
Retailer and customer responsibility	It is important to include customer responsibilities in the hardship policy, so it is clear to customers what circumstances may result in their removal from the program and potential disconnection. This will encourage customers to engage with us if their circumstances change or if we try to contact them (e.g. because we notice an increase in their usage or missed payments etc).
Training	<p>During the AER hosted workshop on 25 February 2019, participants flagged the potential benefit of consumer groups/advocates facilitating industry wide training for retailers' call centre staff to assist in the management of hardship calls. AGL would support the roll-out of this type of training.</p> <p>The inclusion of 'or any other circumstance' in the action statements poses a significant risk to a retailer's ability to meet compliance obligations. It is important that the training, scripting and support we provide to all of our staff is clear.</p> <p>AGL have [REDACTED] customer facing call centre staff across the different business areas (e.g. new customers, existing customers, complaints, queries, billing etc). We consistently have new starters joining our call centre and it is therefore important that we can develop timely, relevant training to inform them of all their regulatory obligations, as well as the use of systems, and products and services.</p>
Subjective wording - <i>The AER states personal circumstances</i>	AGL supports the inclusion of the early identifiers that allow retailers to build processes/systems around (i.e. tracking missed payments or customers receiving disconnection warning notices). We also understand the importance of the potential early identifiers listed for when customers are on calls with retailers (e.g. death, family violence etc). However, the addition of the subjective measurement "or any other



<p><i>(e.g. death, household illness...) or any other circumstances that suggest hardship support may help.</i></p>	<p>circumstances that suggest hardship support may help” is highly problematic and should be removed.</p> <p>The Guideline is intended to operate as a base for retailers to ensure that the minimum requirements of the National Energy Retail Law (NERL) are met in a consistent way. Therefore, the early identifiers listed by the AER should not be an exhaustive list, but a representation of the minimum requirements that retailers can then build on. The impacts this has on our ability to train staff (noted above) and our compliance obligations are substantial. We encourage the AER to remove this additional wording or clarify through the action statements that the list is not exhaustive, and customers are encouraged to talk to their retailer about their circumstances.</p>
<p>Willingness to pay programs</p>	<p>AGL continue to consider that Willingness to Pay programs are an important engagement tool for those customers who have recently been removed from the hardship program due to non-engagement/non-payment. We agree with EWON’s statement that <i>where a customer has a history of unsuccessful completion of multiple hardship programs, a condition requiring the customer to pay some instalments on debt before re-entering a hardship program could aid engagement.</i></p> <p>AGL encourages the AER to consider limited circumstances in which a willingness to pay program could be allowed for customers who have recently been removed from the hardship program for non-payment/non-engagement. AGL’s recently approved Hardship Policy includes a willingness to pay provision (see section 3.9.2¹) which was approved by the AER in November 2018. No evidence has been provided as to why this criterion has failed or should be removed since approval.</p>
<p>Language</p>	<p>As we have previously submitted, our hardship policy was only just approved by the AER as meeting the minimum requirements of the NERL. We have set up new processes and systems to contact customers (by mail or email) that present early identifiers. This is because it is a system-based process for identification, not a process that is run while the customer is on a call with us. For these reasons we consider the AER should amend the wording of the action statements to</p> <ul style="list-style-type: none"> • Recognise that customers may not be on the phone with us at the time systems identify potential early hardship and should therefore be technology agnostic. • Amend the wording of this action statement from “<i>We will recommend that you speak to a staff member... if...</i>” to “<i>We will provide you information about our support programs, including the hardship program if...</i>” <p>AGL is happy to share the early findings from our early identification mailing program and encourage the AER to consider this as a sound alternative to the AER’s current proposed obligation above.</p>

¹ <https://www.agl.com.au/-/media/aglmedia/documents/help/staying-connected/agl-customer-hardship-policy-nsw-qld-sa.pdf>