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Simon Kidd
Assistant Director, Retail Markets
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERenquiry@aer.gov.au

Draft Sustainable Payment Plans Framework

AGL Energy (**AGL**) welcomes the opportunity to make a submission on the Australian Energy Regulator's (**AER**) draft Sustainable Payment Plans Framework (the **Framework**).

AGL is a significant retailer of energy with over 3.7 million electricity and gas customers nationally. Accordingly, AGL has a strong interest in the efficient delivery of energy services for the long-term interests of consumers.

AGL strongly supports ongoing improvement into the support that is available to customers who are unable to meet the cost of their energy consumption. As evidenced by its public affordability commitment, AGL is committed to improving the way it supports customers who are experiencing payment difficulties and hardship. As such, we welcome the AER's work into developing a best practice guideline for sustainable payment plans and ongoing discussion across the industry into improved methods for retailers to assist customers in financial need.

Through our own reviews and in consultation with consumer and welfare groups, energy industry representatives, and experts across a number of industries, AGL has developed and is in the process of implementing what it believes is a best-practice model of providing short-term payment assistance and long-term support to customers experiencing payment difficulties and hardship. As such, we believe we are well placed to comment on the AER's proposed framework for sustainable payment plans.

The Draft Framework

AGL supports the consultative approach that the AER has taken in developing the draft Framework. The approach to this review has been open and consultative, and participants from across the industry have had a reasonable opportunity to comment on the proposal. In this respect, the AER is to be commended on its process and diligence in encouraging positive engagement and open dialogue for industry participants and consumer representatives.

Generally speaking, AGL supports the principles outlined in the Framework. In many respects, we consider that the principles outlined in the proposal are common sense approaches to managing AGL customers, as we strive to be a company that is more aware of consumer needs, and more takes proactive steps to engage with our customers to provide the best possible outcome for them.

As such, AGL strongly supports the overarching principles of empathy and respect, flexibility, and consistency in its approach to helping customers that may be experiencing

payment difficulties, and concurs that these principles provide a strong basis for developing a sustainable payment plan framework that can genuinely benefit customers.



Inactive and Small Business Customers

The Framework has largely been developed with regard to small customers that are actively engaging with their current retailer. This is reflected by the fact that payment plans are measured with regard to whether or not they will cover a customer's ongoing usage and the recognition that affordable payment plans encourage engagement with a customer and keep them connected to supply.

However, some aspects of the proposed Framework may not be applicable or appropriate for other categories of customers, such as inactive customers, small business customers, or customers that do not respond to retailer attempts to engage with them.

Although we agree with the AER that, when applied, the Framework's broader principles of fairness, empathy, respect and consistency, should create a foundation for an effective standard of engagement that could be applied to any group of customers, the framework must acknowledge the differing circumstances experienced by some customers and the fact that the support offered by the framework may not always be available to all customers at all times.

Publishing the Framework and a List of Participating Retailers

We believe that more information regarding customer options when experiencing payment difficulties would be useful to circulate, irrespective of whether or not retailers sign up to the framework. Indeed, as a part of its own affordability initiative, AGL is already increasing the information available to customers regarding payment assistance options to improve engagement and customer awareness of their options at times of financial difficulty.

However, there is a reasonable argument to suggest that this information should be provided in a general way rather than publishing the detailed framework in which retailers must manage interactions with customers and the process by which a customer's capacity to pay should be determined.

If the framework is sufficiently embedded within retailer processes, it will not be necessary for customers to be provided with detailed information regarding how they should expect to be treated through all stages of payment difficulties. This might lead to unreasonable expectations of customers regarding assistance that they believe they may be entitled to, eroding the component of flexibility that is a key component of the framework.

In this respect, we believe that although the Framework and high-level principles could be communicated to customers, the detail of the process does not need to be published prominently on websites. Instead, we would support further general communications from retailers to customers regarding the support that is available to them and encouraging engagement at early stages of payment difficulty.

If you have any questions regarding this submission or would like to discuss this matter further, please contact Aleks Smits at asmits@agl.com.au or (03) 8633 7146.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Beth Griggs', with a small blue dot to the right of the signature.

Beth Griggs

Head of Energy Market Regulation, AGL Energy Limited