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### **Draft Sustainable Payments Plan Framework Consultation Paper**

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Regulator (the AER) on the Draft Sustainable Payments Plan Framework Consultation Paper.

The Energy Council is an industry body representing 22 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, and sell gas and electricity to over 10 million homes and businesses.

The Energy Council supports the AER's overall approach in developing best practice guidelines (the Guidelines) and maintaining strong engagement and interactions with customers experiencing payment difficulties. Energy Council members have been pleased by the level and openness of engagement by the AER in developing the Guidelines.

The Energy Council also endorses the Guideline's principles of empathy and respect, flexibility, and consistency as the guiding framework to assisting customers that experience payment difficulties, and supports these principles as a strong basis on which to develop a sustainable payment plan framework.

The remainder of this submission outlines a few aspects of the AER's overall framework (the Framework) on which the Energy Council would like some further clarification.

#### **Published list of retailers**

The Energy Council prefers the AER's consultative approach and the use of high level principles as a guide for retailers dealing with customers with payment difficulties, to a stricter or more binary approach. The AER's high level principles provide retailers with sufficient scope and flexibility to implement systems and processes that align to their business needs. However, the Energy Council is unclear as to the benefits of asking retailers to sign up to the Framework (with these retailers featuring on a published list), rather than issue them simply as a best practice guide.

The AER has advised that it seeks to promote a comparison of retailers by being clear about which retailers have committed to adopt the best-practice approach outlined by the Framework. The Energy Council considers that influencing consumer's perceptions of retailers' service standards (as opposed to their level of compliance) is beyond the AER's remit. However, the Energy Council is concerned that negative inferences may be drawn by some consumers if a retailer is not listed as a signatory with the Framework. This may result in a poor outcome for customers as the non-signatory retailer may still be providing appropriate payment assistance and support to the customer.

The Energy Council recommends that the AER release the Framework to raise consumer awareness about how retailers manage customers facing financial hardship in paying their bills, but does not support the publication of a list of retailers who choose to adopt it.

#### **Small Business customers**

The Energy Council submits that the Framework principles may be useful in guiding how retailers manage small business customers. However, the Energy Council believes that the relationship between small

businesses and their retailer is different to that of residential customers, and accordingly their approach to dealing with small businesses with payment difficulties is also different.

The Framework has been drafted with a focus on residential customers, and does not differentiate between the rights of each customer segment. This could confuse small business customers, who might assume they are entitled to be offered a payment plan, or further, that they should expect support under a retailer hardship program. This position does not mean that small business retailers do not act with the Framework's principles in mind, rather that this Framework pertains specifically to residential customers.

The Energy Council would like the Framework to explicitly state that it applies only to residential customers. Customers seeking more information about a retailer's approach to supporting small business customers with payment difficulties should contact that retailer directly.

### **Capacity to pay**

The Energy Council believes the process for engaging with the customer on the issue of capacity to pay should not be overly prescriptive and should provide retailers with the flexibility to engage the customer in a meaningful way giving due consideration to each customer's individual circumstances. Most effective Capacity to Pay Assessments are informed by a certain level of personal information. The Framework should therefore not discourage the retailer from seeking further information about the customer's circumstances.

### **General**

The Energy Council would also like to note that the Framework could be further reviewed with retailers including discussion or further consultation on:

- what is a reasonable timeframe for a customer to respond to an offer of an instalment plan;
- the obligations a customer needs to carry in relation to their energy debt including continued non-engagement or missed payments (neglect);
- a reliance and assumption that the financial counselling sector is equipped to assist customers under this Framework;
- encouraging positive outcomes between financial counsellors and retailers for customers; and
- the outcomes of maintaining payment plans over 18 months from a cost/benefit perspective.

Any questions about our submission should be addressed to Panos Priftakis, by email to [panos.priftakis@energycouncil.com.au](mailto:panos.priftakis@energycouncil.com.au) or by telephone on (03) 9205 3115.

Yours sincerely



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