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General Manager-Retail Markets Branch
Australian Energy Regulator
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Sent by email

Review of the Minimum Disconnection Amount - 2016

Ergon Energy Queensland (Ergon Retail) welcomes this opportunity to provide further feedback to the Australian Energy Regulator (AER) on its Review of the Minimum Disconnection Threshold Amount – 2016.

This submission is provided by Ergon Retail in its capacity as a non-competing retailer in regional Queensland. Ergon Retail retails to customers across regional Queensland including some areas which are experiencing an economic downturn as a result of the end of the mining construction boom.

Ergon Retail recognises that disconnection is a measure of last resort when all other efforts to find payment from a customer have failed, and only after a customer has refused to engage. It is however important to note that retailers should not be expected to bear unnecessary risks associated with high debt levels and should rightly expect that bills be paid.

In our previous submission we indicated support for continuation of the current minimum threshold amount for disconnection of \$300. We are not convinced that raising the threshold is in the best interests of the customer and certainly not for retailers. AER should balance the costs for debt recovery efforts including connection and reconnecting customers, likely level of debt at disconnection, avoiding exacerbating hardship issues for customers in financial difficulty, and ensuring that amount is not trivial.

Ergon Retail like all retailers has a number of programs designed to transition customers out of debt – it is neither in the best interests of the customer or the retailer to disconnect the customer who is making payment or has shown clear intent to. In our experience, early intervention is critical in avoiding spiralling debt and any linkage to bill cycles as proposed means that a quarterly billed customer would be the better part of 8 months behind before the threat of disconnection is apparent to the customer. Using the AER numbers for average bill size, this would amount to a value well over \$1,000 for a customer who has made no payments over this period.

Threat of disconnection is a necessary and effective tool in prompting the customer to make contact with Ergon Retail to commence the process to transition out of debt. It is clearly in the best interests of the customer start that engagement earlier before the debt becomes too great. Some customers unfortunately wait till notice of disconnection is received before engaging,

As a member of the Australian Energy Council, the peak body for Australia's energy retailers, Ergon Retail has contributed to and is fully supportive of the issues raised in the AEC submission.

If you have any questions or queries please contact Gareth Morrah on (07) 3851 6823.

Regards,

A handwritten signature in blue ink, appearing to be 'Ben Verdon', with a stylized, cursive script.

Ben Verdon
A/General Manager Wholesale Markets
Ergon Energy