



EnergyAustralia

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Ms Sarah Proudfoot
General Manager, Consumers and Markets
Australian Energy Regulator
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Dear Ms Proudfoot

AER issues paper - standardised statements for use in customer hardship policies 2018

EnergyAustralia welcomes the opportunity to make this submission to the AER's issue paper 'Standardised statements for use in customer hardship policies'. EnergyAustralia is one of Australia's largest energy companies with around 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own, operate and contract a multi-billion dollar energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 4,500MW of generation in the National Electricity Market (NEM).

EnergyAustralia is accelerating support for our vulnerable customers through our Hardship Investment Program. This initiative is designed to encourage financial inclusion through early interventions and proactive management. As such, flexibility is crucial to enable us to innovate better ways to support our vulnerable customers facing financial difficulties.

As such, we encourage the AER, in developing the standard statements, to not restrict retailers' abilities to provide tailored assistance for each individual customer's circumstances. If the standardised statements restrict flexibility in the processes for dealing with hardship, the impacts of these programs might be diluted or cause retailers to change practices. This will have a perverse outcome as most retailers adopt conservative practices when dealing with vulnerable customers, and where regulatory interpretation is unclear, there is a tendency to adopt the most conservative practice consistent with a specific statement.

Overall, we agree that the standard statements broadly meet the requirements of section 44 of the National Energy Retail Law (NERL). However, we are concerned with some of the language used in the statements. As outlined in the AEMC's final rule change to strengthen protections for customers in hardship, the standard statements should inform customers of how the retailer will comply with the NERL.¹ As currently drafted, some of the actions actually gives effect to how a retailer's hardship policy should operate, which is outside the AER's remit.

¹ <https://www.aemc.gov.au/rule-changes/strengthening-protections-customers-hardship>

We consider that this can be easily rectified through the use of more appropriate customer-centric and empathetic language. Specific examples and recommendations on wording include:

- Retailers should be allowed to determine the language used to refer to customers in hardship. Hardship is an emotive word and some customers may reject being classed as such. For example, *'we will tell you about how we can assist you if you are struggling financially'* is more empathetic in tone than *'we will tell you about our hardship program and how it might help you'*. It still informs the customer of what action a retailer will take.
- Under Processes to identify residential customers experiencing payment difficulties, we suggest that the sentence *"you are referred to our hardship program by a financial counsellor or other community worker"* is amended to include any other third parties which might refer a customer to the retailer.
- It is unclear what is meant by current in the statement *'how you can reduce your current and future energy use'*. Customers can only reduce future energy use.
- Under processes for the early response by the retailer in the case of residential customers identified as experiencing hardship, we suggest that the following sentence *"you mention personal circumstances (e.g. death, illness, family violence, unemployment) that suggest hardship support may be needed"* be amended to *"You mention personal circumstances (e.g. death, illness, family violence, unemployment) **or any other circumstances** that suggests **further support may be needed**"* to allow the retailer flexibility in admitting a customer to its hardship program. Generally, these circumstances are a trigger to ask more questions not a trigger to recommend hardship. These scenarios do not always indicate financial hardship.
- Under Flexible Payment Options, *"when agreeing a payment plan with you, we must take into account... how much energy we expect you will use in the next 12 months"*. This does not factor in customers that are experiencing short term hardship and who may only require a payment extension, leading these customers to reject hardship assistance as it is "too much trouble". It also suggests that payment plans should stretch over 12 months. We suggest that the reference to 12 months be removed to enable retailers' flexibility in these circumstances.
- It is unclear what the AER means by *'advance'* in the statement *'our payment plan will include an offer to pay in advance or in arrears by instalments'*. Most customers are in arrears when they enter our program.
- Many of our plans only require the customer to make payments for usage over a period of time. In some cases we assess whether the debt is waived if the customer is continuing to pay for future consumption. The statement *'how many payments you need to make, and when you need to make them'* appears to limit our flexibility to do this.
- Under the process to review the appropriateness of a hardship customer's market retail contract in accordance with the hardship policy, *"As soon as you enter our hardship program..."* suggests that there will be requirements on completing the review within the first phone call. While we aim to achieve this, our experience suggests that customers may not always be in the right frame of mind to handle what is effectively a sales call. That is, gaining the customer's consent to move them from one retail

contract to another. This may inadvertently result in customers being pressured to make a decision.

- Similar comments apply to programs to assist customers with strategies to improve energy efficiency; *"As soon as you enter our hardship program, we will tell you ways you can improve your energy efficiency..."*. We suggest that the words *"As soon as you enter"* are removed and replaced with *"When you enter..."*.

We welcome the opportunity to continue to work with the AER and to update our existing hardship policy to make it more user-friendly.

If you would like to discuss this submission, please contact me at +61 3 8628 1596 or Carmel.Forbes@energyaustralia.com.au.

Yours sincerely

Carmel Forbes

Acting Industry Regulation Leader