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15 January 2019

Ms Sarah Proudfoot
General Manager, Consumers and Markets
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

AERConsumerandPolicy@aer.gov.au

Dear Ms Proudfoot

Ergon Energy Queensland submission to the Hardship Guideline Issues Paper

Ergon Energy Queensland welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its Hardship Guideline Issues Paper (the Issues Paper).

Ergon Energy Queensland broadly supports initiatives to assist customers who have trouble paying their bills and supports the development of a new Hardship Guideline that requires retailers to provide:

- hardship materials online
- details of contact points
- customer summaries alongside hardship policies
- confirmation that retailers will communicate with customer representatives
- easy access to information, including for people from culturally and linguistically diverse backgrounds, and
- information that is jargon-free.

Ergon Energy Queensland also supports initiatives for the early identification of hardship customers and the consistent application of hardship policies.

However, Ergon Energy Queensland considers the primary challenge for retailers is maintaining engagement with customers experiencing hardship, rather than access to hardship programs. Ergon Energy Queensland acknowledges that many customers often do not want to participate in a hardship program or do not accept offers of assistance due to a perceived stigma associated with retailer hardship programs. For those customers who do choose to participate, ongoing engagement remains a significant challenge which impacts successful completion rates.

Ergon Energy Queensland agrees that the provision of easily accessible, customer-friendly information on hardship programs may assist in encouraging more customers to participate. However, Ergon Energy Queensland considers that customers may benefit from a clear statement of the need to engage with their retailer to assist them successfully complete the hardship program. This includes a willingness to accept advice on how to reduce energy usage and contacting their retailer if they are having difficulty meeting their agreed payment commitments.

Ergon Energy Queensland's specific comments on the Issues Paper are provided in **Attachment A**. We note that the focus of this consultation is on customers and customer advocates rather than industry participants and that the matters raised in this Issues Paper (including the AER's assumptions and positions) are similar to those addressed in the Standardised Statements Issues Paper released in November 2018. As such, our comments should be read in conjunction with our submission to the Standardised Statements Issues Paper.

Should you require additional information or wish to discuss any aspect of this submission, please contact me on (07) 3664 4105 or Peter Wall on (07) 3664 4968.

Yours sincerely

A handwritten signature in black ink that reads "C. G. Martin". The signature is written in a cursive style with a large initial "C" and "G".

Charmain Martin
Acting Manager - Policy and Regulatory Reform

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Enc: Ergon Energy Queensland comments on the Hardship Guideline Issues Paper

Ergon Energy Queensland comments on the Hardship Guideline Issues Paper

Section 3.1: How should the Guideline best ensure that consumers are effectively informed about their rights?

Ergon Energy Queensland supports the provision of information to customers facing hardship in a format that is easy for them to understand and notes that our hardship policy is published in a customer-friendly format on our website.

Ergon Energy Queensland also endorses the need for retailers to communicate with customer representatives in the Guideline. Ergon Energy Queensland's Customer Assist unit maintains a stakeholder directory of approximately 600 community groups who advocate for customers throughout regional Queensland and sends quarterly bulletins via email to these groups. Further, from January 2019, Ergon Energy Queensland has initiated a process whereby Customer Assist officers are responsible for managing relationships with a portfolio of customer advocacy groups to ensure communication is timely and contact details are accurate.

Section 3.3: How should the Guideline support consumers most in need of hardship assistance to receive it?

Ergon Energy Queensland does not deny customers access to our hardship program and has not limited the number of payment plans offered to a customer experiencing hardship or financial difficulty, despite previous instances of broken payments or hardship arrangements. We note that this policy presents many challenges, particularly the management of customers who have been withdrawn for non-compliance with the requirements of the hardship program who return later with higher debt, possibly after being disconnected for non-payment.

In relation to the AER's suggestion that the Guidelines remove any conditions on entry or re-entry to a hardship program, Ergon Energy Queensland appreciates the intent of this requirement is to avoid discrimination for customers' past account performance. However, without some ability to assess a customer's willingness to reduce their debt and close the gap between their consumption and their capacity to pay, we consider that this could expose retailers to further credit risk, especially where customers do not engage with their retailer.

Without clear obligations for customers, many customers may continue to disregard their retailer's efforts to assist them. Therefore, Ergon Energy Queensland again requests that the AER consider the introduction of new obligations for customers in hardship programs to actively participate in the program including communicating with their retailer.

Section 3.4: How should the Guideline facilitate more customers completing hardship programs successfully?

Ergon Energy Queensland supports initiatives to increase the successful completion of hardship programs and always considers the customer's debt, usage patterns, and capacity to pay in designing payment strategies, with the aim to help the customer complete the program.

Ergon Energy Queensland notes that ongoing engagement from customers is the main challenge for retailers assisting customers to successfully complete a hardship program. Ergon Energy Queensland maintains the view that there should be obligations on both customers as well as retailers and an agreement which encourages direct engagement from customers to ensure successful program completion.