



7 December 2018

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

By email: AERConsumerandPolicy@aer.gov.au

Dear Ms. Proudfoot,

RE: Issues Paper – Standardised Statements for use in customer hardship policies.

Origin welcomes the opportunity to provide a response to the Australian Energy Regulator's (AER) issues paper regarding standardised statements for use in customer hardship policies.

Origin believes that the current drafting of some of the standardised statements go beyond the intended operation of the Hardship Guideline (the Guideline) as outlined by the Australian Energy Market Commission's (AEMC) Draft Rule. In addition to specific comments on the Standardised Statement (see Attachment A), we have comments on the following:

- Whether the draft standard statements provide a clear description of the minimum requirements under section 44 of the NERL,
- If the draft language would be easily understood by customers who may require assistance,
- Whether the draft standard statements address access gaps which may be experienced by vulnerable customers, through explanation of rights and entitlements under hardship provision, and
- The practical application of these standard statements in their current form.

A clear description of the minimum requirements

Origin agrees that standardised statements for use in customer hardship policies would allow for a consistent description of customer entitlements. The Standardised Statements are intended to inform and provide guidance to customers as to their rights, and associated retailer obligations when a customer is experiencing financial hardship. We believe the Standardised Statements as drafted do inform customers of the assistance that they are entitled to, however are not drafted in a way that is useful to customers. We would prefer that retailers are given ability to include information for customers about how their entitlement may be provided for in practice. Origin considers that to require only inclusion of specific, simplistic items relating to regulatory steps which may not reflect retailer approach compromises the customers' ability to understand how they can access retailer hardship programs.



Origin believes that the most successful way to ensure hardship policies are effective is to allow retailers to describe in which circumstances we would like to hear from customers in order to assist them; to empower customers to identify their own situation. If this sat alongside established retailer processes which proactively identify customers who may be in need and the retailer advises of the assistance which may be available, then better consumer outcomes would be achieved. This ensures the hardship policy is accessible to customers, reflective of actual retailer practices and creates an environment where any discrepancy of process can be identified and resolved through the existing regulatory framework.

In Appendix A (attached) we have outlined our approach to proactively identifying hardship customers, which is markedly different to the approach indicated through the Standardised Statements, and made suggestions as to how the Standard Statements could be more accessible to customers.

Language accessibility

Origin acknowledges that the standard statements need to reach community members who may not speak English fluently, or need additional assistance. While we are concerned about the over-simplification of some of the content in the Statements, we consider the language used by the AER is appropriate. We have raised three specific points of concern, which we detail more specifically in the attached Appendix.

Standard Statements – Centrepay

The current drafting mentions CentrePay in two locations. The first is contained in the information retailers would be required to provide to the customer on entry to the hardship program. The drafting states 'whether you can use CentrePay as a payment option'. Origin is concerned that this could be confusing to the customer. CentrePay is only applicable if the customer receives a Centrelink payment, and would not be applicable to customers who do not. We feel that the current wording is likely to confuse.

We consider it would be less confusing to remove reference to CentrePay altogether in this part, and more clearly outline the option of CentrePay under the statements that refer to available payment methods.

Standard Statements - Payment in advance or arrears

The draft Standard Statement 'Our payment plan will include an offer to pay in advance or in arrears by instalments' may also be unclear to customers. The language of 'in advance or in arrears' is not the language we would use to explain this detail to our customer base, and as such a Standard Statement which relied on those words would be difficult to reconcile against example customer experiences. We have provided suggested alternatives in the attached Appendix.

Standard Statements – Disconnection

The NERL does not specifically require that retailers discuss disconnection for non-payment in their hardship policies, though Origin acknowledges that this information may be useful to customers, considering how the collections process can interact with customers experiencing hardship. Origin agrees with the sentiment that it is important for customers to make payments when they are due, and often



encourages customers to make their payments in an automatic fashion as we find this leads to customers adhering to their plans more readily, which in turn leads to better customer outcomes.

If a customer is removed from the program, they are no longer provided the protection outlined in the standard statement and may end up disconnected. Origin considers that retailers should be allowed scope to explain the practical application of this in their hardship policies so that customers are aware of their rights as well as their responsibilities regarding hardship assistance.

We have detailed more specifically the concern we have in the attached Appendix.

Standard statements address access gaps

Retailers are required under Division 6 of the National Energy Retail Law (the NERL) to have a hardship policy approved by the AER. The current governance structure is designed to provide retailers with the agency to develop and document their respective assistance mechanisms, which will align with their system capabilities (among other things) and their experience of what is practically useful to their customer base. The AER's role, once satisfied that the intent of the hardship policy provision is met in sections 43(1) and 44 of the NERL, is to approve and monitor compliance to the retailers' hardship policy.

Origin is not opposed to measures which provide transparency to consumers about assistance available to them, as we believe that transparency supports consumer confidence in the energy market. We do not object, for example, to the AER providing high-level guidance on what an indicator of hardship may be as part of its approval of a hardship policy. However, we do not support the inclusion of such indicators in the form of a binding statement. We have concerns that the erosion of the established governance structure will mean that the AER will effectively determine what hardship is without having the need to identify or serve those customers. The AEMC were careful to state that they did not intend for the AER to define Hardship.

It is important that retailers can build on any standard statement to accurately describe what they offer, both to ensure the assistance is targeted more accurately and ensure the AER are able to appropriately monitor for compliance. Retailers have developed internal processes which support their hardship policies, and which often extend beyond the minimum legislative requirements, because we know that many customers don't ask for assistance directly. If retailers cannot add information to support the Standard Statements, then it is likely that customers will not benefit from being able to more readily compare or navigate a retailer's hardship policy.

Closing

Origin has attached as an appendix a table of the Standard Statements as drafted by the AER outlining concerns we have regarding their application and operational function. We request that this table is treated confidentially and not made publicly available.

We agree that Standard Statements and the re-approval of hardship policies will ensure that retailers can be made accountable for non-compliance with their stated hardship policy objectives. However, we ask the AER to consider the issues raised in this submission concerning the role of the retailers designing hardship



assistance and the content of Standard Statements to deliver a more effective hardship guideline, which should in turn result in improved consumer outcomes.

Should you have any questions or wish to discuss further, please contact Courtney Markham on (03) 9821 8086 in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read "Sean Greenup". The signature is fluid and cursive, with a large loop at the end.

Sean Greenup

Group Manager Regulatory Policy

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