



15 April 2016

Simon Kidd
Assistant Director
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By electronic lodgement: AERInquiry@aer.gov.au

Dear Mr Kidd

Response to Consultation Document – Draft Sustainable Payment Plans Framework

Origin Energy (**Origin**) welcomes the opportunity to respond to the Australian Energy Regulator (**AER**) March 2016 Draft Sustainable Payments Plans Framework consultation document.

Origin is supportive of the good practice principles that underpin the Draft Sustainable Payment Framework (**Framework**) set-out in the consultation document and has appreciated the opportunity to engage with the AER and other stakeholders to assist with the development of the Framework.

A concern that Origin has with the proposed Framework is the requirement to commence all payment plan establishment conversations by asking the customer what they can afford. In Origin's experience, it is productive to commence these conversations with the retailer advising the customer what a payment plan that covers their ongoing use plus any amounts owing looks like. This provides the customer with a starting point to frame the conversation, and does not preclude Origin taking the customer's circumstances into account to agree a payment amount that does not contribute to outstanding debt or cover ongoing usage.

Further, while Origin acknowledges that within its hardship program the question of how much the customer can afford will rightly be part of the conversation, there are many other payment difficulty scenarios in which the question of how much the customer can afford is not the material issue *per se*. For example, the issue for a customer might be budgeting for a short term obstacle, which less reflects the question of how much the customer can afford than the question of payment timing and frequency.

I understand that Origin's concerns in relation to this matter were conveyed to the AER during the consultation process, and while Origin is in principle willing to adopt the Framework we need further clarification of the AER's expectations regarding this issue before making a firm commitment.

Our responses to the specific issues in the consultation document are set-out below.

Issue 1 - Principles-based approach - views on this and accompanying examples

Origin considers the proposed principle based approach to be reasonable, providing a framework of good practice engagement behaviors to assist conversations with customers about capacity to pay. We note that the success of these conversations depends to a large degree on the extent to which customers are prepared to engage with their retailer about these issues.

In relation to retailers suggesting customers switch, Origin agrees that retailers should act in good faith in their interactions with customers, particularly those under financial stress who are seeking assistance. We agree that this approach is captured in the draft framework through the principles of Empathy and Respect.

In relation to non-English speaking customers, Origin agrees that it is good practice for retailers to more actively promote the existence of interpreter services, particularly where customers have previously used this service. We also agree that referral to a specialist agency able to provide one-on-one interaction in a customer's first language, such as a migrant resource centre, may be an effective way to assist some non-English speaking customers than an initial referral to a financial counselor. In this regard, we agree with the reference to non-English speaking customers that has been inserted in the good practice principles under the 'Flexibility' heading.

Issue 2 - Flow chart and proposed good practice elements - views on proposed approach

Subject to our earlier stated concern, Origin considers the steps set-out in the flow chart to be reasonable, creating an environment conducive to positive engagement with customers. We again note that for the framework to be successful customers will need to be prepared to engage. Origin is also supportive of the proposed good practice principles as a general approach for dealing with customers regarding capacity to pay issues.

Issue 3 - Inactive accounts - feedback on whether the proposed approach is appropriate

Origin supports the application of the broader principles contained in the Framework to inactive account customers. However, we consider that extended repayment plans (for example 12 or 24 months) are not always appropriate. For this reason we consider that payment plans offered should be at the discretion of the retailer, and that short term extensions and plans for lesser periods should not be excluded. In circumstances where the customer has entered supply arrangements with an alternative retailer, additional support measures for the ongoing supply should sit with the new retailer.

Issue 4 - Small Business Customers - feedback on application of the framework

Origin supports the application of the broader principles contained in the Framework to small business customers. However, we consider that retailers should retain the discretion to offer payment arrangements considered suitable in the circumstances.

Issue 5 - Published list of retailers - Would consumers or their representatives benefit from knowing which retailers have adopted the Framework. If so, would a public list, for example, hosted on the AER's website or an individual retailer's website, be an effective method

Origin considers that there would be benefit to consumers and their representatives to having a list of retailers that have adopted the Framework on the AER website, particularly that consumers and their representatives would be entitled to an expectation of how they will be treated by a listed retailer.

Origin also considers that businesses that have signed-up to the framework should have the option of publishing this, and any other appropriate related material, on their own website.

Issue 6 - Signatory approach - views on the approach and other possible options

Origin supports the proposed approach in principle, but cannot commit to becoming a signatory while there are unresolved outstanding matters, which may include items of concern raised in feedback to the consultation document by other industry stakeholders.

Issue 7 - Retailers not meeting framework standards - views on the proposed processes

Origin supports the approach proposed in the consultation document.

Issue 8 - Measuring the impact - views about the proposed approach

Origin supports the approach proposed in the consultation document.

Issue 9 - Launch - views on the proposed framework adoption timeframe

As stated, Origin is in principle willing to adopt the framework, but seeks further clarification of the AER's expectations regarding the requirement to commence all payment plan conversations by asking the customer what they can afford, and any other matters raised, before making a firm commitment.

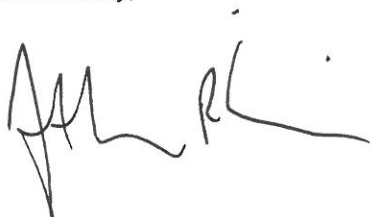
Origin considers that retailers may need additional time to implement any changes required and therefore suggests a transition period of June to December 2016, with a formal commencement in January 2017, to be more appropriate.

Closing

Origin notes that, as the AER would be aware, the Victorian Essential Services Commission (**ESC**) is in the process of revising its regulatory framework for dealing with hardship customers. To the extent possible, Origin considers that consistency between the AER and ESC frameworks would be beneficial. In due course we would like to discuss this issue with the AER.

Origin would be happy to discuss any matters raised within this response with the AER. Please contact Ben Hercus (Manager, Retail Compliance) in the first instance on (03) 8665 7517.

Yours sincerely,



Jon Briskin
General Manager, Retail Customer Operations

