

14 January 2019

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

Via email: AERConsumerandPolicy@aer.gov.au

Dear Ms Proudfoot,

Hardship Guideline Issues Paper

Simply Energy welcomes the opportunity to provide feedback on the Australian Energy Regulator's (AER) Hardship Guideline Issues Paper.

Simply Energy is a leading second-tier energy retailer with over 670,000 customer accounts across Victoria, New South Wales, South Australia, Queensland and Western Australia. As a second-tier retailer, Simply Energy is focused on promoting effective customer engagement and access to energy services. Simply Energy is also committed to providing consumers with affordable access to energy, including those who may be struggling to pay their household energy expenses.

In line with this commitment, Simply Energy supports well adapted measures aimed at ensuring energy consumers experiencing hardship are afforded the assistance they need to support them in breaking free from the cycle of indebtedness. With this in mind, the following submission evaluates:

- the proposed scope of the AER's hardship guideline; and
- the need for the AER to work collaboratively with retailers in assisting them to conform with the new hardship requirements.

Scope of the Guideline

As service providers, energy retailers share a common goal with the AER as a regulator, namely to uphold, protect and promote the interests of energy consumers. Simply Energy, therefore, considers that a well-developed suite of standard statements reflecting the obligations under the National Energy Retail Law (NERL) will assist in achieving this end by ensuring all retail hardship policies contain a common set of minimum consumer protections.

In saying that, Simply Energy considers that neither the standard statements nor the supporting guidance material in the guideline should extend beyond the minimum requirements under the NERL. Retailers need to retain the flexibility to develop policies that meet the specific needs and interests of their consumer base taking into account their cultural, demographic and socio-economic circumstances. Indeed, this level of flexibility is consistent with the scope and drafting of the NERL as well as the National Energy Retail Rules (NERR).

In view of this, Simply Energy considers that any guidance supporting the implementation of the standard statements and the requirements under the NERL should not impose mandatory requirements on retailers. Rather additional guidance should only be used as a means of setting out the high-level principles and measures that the AER will consider in assessing whether to approve a retailer's hardship policy. While Simply Energy considers that the recommended measures in the Issues Paper are consistent with good consumer practices, it maintains the view that retailers are in the best position to adapt these proposed measures in meeting the needs of their customer base.

Hardship Approval Process

If the AER is concerned about a retailer's proposed hardship policy, then the AER should be required to work actively with the retailer to understand the reasons for the retailer proposing the measures that it originally submitted for approval. In doing so, Simply Energy considers that the AER should incorporate an express commitment in its guideline to work in good faith with retailers in reviewing their hardship policies and working through any concerns it may have about the content of their policies.

This commitment should include a procedure that the AER will follow when seeking refinements to a retailer's proposed hardship policy under section 45(2) of the NERL. In making this point, it is important to point out that the current processes set out in the *Guidance on AER Approval of Customer Hardship Policies* are too high-level and more express guidance is needed. Simply Energy is of the view that both the AER and retailers will require greater procedural certainty around the process for amending hardship policies, given that the new requirements under the NERR impose strict approval timeframes.

Like the AER, Simply Energy considers that having an approved hardship policy is an imperative consumer safeguard that all authorised retailers should have in place. For this reason, the AER and retailers must seek to work more effectively together to support and protect the interests of consumers experiencing financial difficulty.

Concluding Remarks

Simply Energy encourages the AER to continue to focus on developing a balanced hardship regime by working collaboratively with industry to improve consumer protections. Simply Energy ultimately considers that guidance and education, along with focused standard statements reflecting the minimum requirements under section 44 of the NERL, will be the most effective means of achieving this end.

Simply Energy looks forward to continuing to work with the AER as it strives to continually improve, serve and protect the interests of energy consumers. To arrange a discussion on this submission or if you have any questions please contact Anthony O'Connell, Senior Regulatory and Compliance Officer, on (03) 8807 5134 or at Anthony.OConnell@simplyenergy.com.au.

Yours sincerely



James Barton
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Simply Energy