



25 February 2011

Mr Tom Leuner
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Dear Mr Leuner

Draft Guidance on AER approval of customer hardship policies - 25 February 2011

Ergon Energy Queensland Pty Ltd, (Ergon Energy) in its capacity as a non-competing area retail entity in Queensland, welcomes the opportunity to provide comment to the Australian Energy Regulator (AER) on its *AER approval of customer hardship policies* (Draft Guidance).

Ergon Energy supports the requirement for retailers to have in place a hardship policy to assist customers experiencing financial difficulty. Ergon Energy believes that a customer hardship program should recognise:

- that the effective operation of the program is a shared responsibility between a retailer and the customer; and
- the individual nature of each hardship case and be flexible enough to respond to the individual needs of the customer.

In this regard, Ergon Energy considers that the Guidance should explicitly recognise:

- that hardship programs are a shared responsibility and that a retailer can only act on the information provided. For example, it is problematic to treat terms such as 'inability to pay' as an absolute when the identification of customers who may fit into this category depends on information provided by the customer;
- the individual nature of hardship cases and note that while access to the program should be on an equitable basis across customers, the retailer's response will be dependent upon the individual customers circumstances; and
- that retailers may provide differentiated services according to specific segment profiles.

Ergon Energy continues to develop sustainable measures for identifying and addressing customer hardship. The Ergon Energy hardship program is based on:

- information being provided regularly to customers, in the form of outbound phone calls and written communications;
- development of individualised assistance in the form of payment plans and advice to reduce electricity consumption;
- customers making contact to advise of changed circumstances;
- Ergon Energy identifying and developing working relationships with community agencies and advocates across regional Queensland to raise program awareness and receive referrals for customers requiring assistance; and
- active participation in community forums and meetings across regional Queensland to promote early detection of financial hardship and contact.

Ergon Energy actively seeks to identify hardship customers at the point of first contact for referral to its dedicated hardship team – 'Keeping Customers Connected'. Key referral points within the business include the Credit Management Team, Customer Response and Improvement Team, Claims Liability Team and National Contact Centre.

Ergon Energy considers that the Guidance would benefit from:

- further information on what the AER considers as potential suitable eligibility criteria for inclusion in a hardship program, including examples (section 3.1 of Guidance);
- guidance on the AER's expectations regarding timeframes for response and providing assistance to customers with payment difficulties (section 3.2 of Guidance);
- recognition that not all programs will be suitable for all customers and that published hardship policies will need to manage expectations of customers in relation to access to certain programs and services (section 3.5 of Guidance); and
- advice and examples from the AER regarding the types of variations to hardship policies that would require approval. Ergon Energy considers that an improvement or extension of an existing service offering or a new service offering should not constitute a variation that requires approval (section 4.4 of Guidance).

Should you wish to discuss any aspect of this submission, please do not hesitate to contact Jenny Doyle, Manager Regulatory Affairs - Policy and Regulation, on (07) 4092 9813.

Yours sincerely



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