

4 June 2010

Mr Tom Leuner
General Manager, Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Mr Leuner

Developing National Hardship Indicators – Issues Paper

Simply Energy welcomes the opportunity to comment on the Australian Energy Regulator's (AER) *Developing National Hardship Indicators Issues Paper* (the Issues Paper), released on 19 April 2010.

While Simply Energy appreciates the AER's early consultation on the hardship program indicators that retailers will be required to report under the National Energy Customer Framework (NECF), we consider it may be timelier to work through these requirements later in the implementation of the NECF.

In the first instance, Simply Energy would anticipate the AER will articulate the principles and expectations it will adopt in examining retailer performance in assisting customers experiencing financial hardship. This will assist retailers in submitting their hardship policies to the AER for approval, as required under the NECF. In the course of performing this development work, the AER should set out how it will apply judgements about the nature and extent of retailers' responsibilities to hardship customers, customers' obligations to engage with retailers, and what might constitute an effective hardship program. This will provide a framework against which meaningful and targeted reporting requirements can be developed, but even then, Simply Energy considers it will be necessary to determine information requirements over time, as experience is gained in monitoring and regulating retailers' performance.

Absent a context of this nature, the Issues Paper proposes a comprehensive series of indicators that could potentially assist assessment of hardship programs, rather than selecting indicators on the basis of their ability to support critical analysis against accepted, transparent policy objectives. In Simply Energy's view, clear policy objectives and targeted reporting requirements will result in the indicators being more useful in assessing performance, and identifying areas for improvement.

Simply Energy nevertheless accepts the rationale for implementing hardship performance indicator reporting following introduction of the NECF. Given the need to ensure reporting is targeted and relevant, and that the AER will be in a better position to determine information gaps over time, we consider a minimalist reporting framework should be introduced initially. This would take in, for example, the following basic indicators:

- Number of customers participating in the hardship program;
- Number of customers denied access to the hardship program upon application;
- Average debt upon entry into the hardship program;
- Average debt upon exit from the hardship program;
- Number of customers that have exited the hardship program; and
- Average length of time on the hardship program.

These indicators provide relevant information about retailers' performance, albeit with some risk of misinterpretation. For example, relatively high levels of debt upon exit may indicate limited engagement by

some customers during their time on the hardship program, or non-compliance with agreed payment plans, rather than deficiencies in the services provided to customers experiencing financial hardship. This type of potential ambiguity in hardship indicators calls for retailers to have the opportunity to provide qualitative commentary in support of their performance indicators.

Following an initial period in which a minimalist reporting framework would be in place (e.g. 2-3 years), Simply Energy suggests the AER could consult on refinements and any additional metrics, in light of experience and identified information requirements. We consider this two-stage approach will ensure hardship program reporting requirements will be targeted from the outset, and based on evidence and experience in how best to gauge and compare performance.

Please contact me if you would like to discuss this submission further.

Yours sincerely



Andy Cole
Regulatory and Compliance Manager