



## Strengthening protections for customers in hardship

**The Australian Energy Regulator has submitted a rule change request to strengthen the protections for customers in hardship.**

### Hardship provisions

To support residential customers who are having difficulty paying their electricity and gas bills, the National Energy Retail Law (NERL) includes provisions relating to customer hardship policies.

Under the NERL retailers must develop a hardship policy for residential customers, for approval by the Australian Energy Regulator (AER). The retailer must then publish the approved policy on their website, and maintain and implement the policy. The NERL sets the minimum requirements that a hardship policy must contain.

The National Energy Retail Rules (NERR) then details the obligations of retailers in relation to hardship policies and requires that the AER determine hardship program indicators. The AER is required to publish a yearly report on the performance of retailers by reference to these hardship program indicators.

As part of its monitoring and enforcement work program, the AER has identified a number of issues relating to the way in which hardship policies are being implemented. As a result, the AER considers hardship programs are not providing the support they should to residential customers in financial difficulty.

### The rule change request

The rule change request would replace rule 75 of the NERR to require that the AER develop binding Customer Hardship Policy Guidelines. The AER is of the view that binding guidelines would provide a single point of reference to industry on how hardship obligations must be applied, and make it easier for the AER to monitor and enforce retailers' compliance with the NERL.

The AER proposes that the binding guidelines may include standard statements and would commit retailers to specific actions. The guidelines could set out approval processes, customer guidance in the form of standard statements, and monitoring and reporting obligations.

The AER considers that the rule change will provide a number of benefits including:

- promoting consistency in the quality and application of hardship policies
- providing greater clarity to retailers in relation to their hardship responsibilities
- increasing confidence in the quality and management of hardship policies
- ensuring customers receive the appropriate level of information, protection and assistance
- allowing the AER to more effectively enforce compliance.

### Issues for consideration

The rule change request raises a range of issues that are further explained in the consultation paper.

Stakeholders are invited to comment on these issues which include:

- the extent to which the current approach to the application of hardship policies provides adequate protections to consumers in financial difficulty
- how hardship indicators should be dealt with as part of the guidelines
- whether standard statements adequately protect the long-term interest of consumers in financial difficulty while providing retailers with flexibility in how they apply hardship provisions
- if there is another approach that would better meet the requirements under the NERL in relation to customers in hardship, and allow retailers to meet their obligations more efficiently
- the extent to which the guidelines should be enforceable
- any transitional arrangements that may be required
- broader issues regarding hardship and affordability that may not be addressed by the rule change.

### Submissions

The consultation paper and the rule change request are available on the AEMC website. Stakeholders are invited to make written submissions by **28 June 2018**.

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