



**EnergyAustralia**

LIGHT THE WAY

19 October 2018

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Lodged electronically

Dear Commissioners,

### **RRC0017 – Strengthening protections for customers in hardship**

EnergyAustralia welcomes the opportunity to make this submission to the Australian Energy Market Commission's (AEMC) draft rule change to strengthen protections for customers in hardship.

We are one of Australia's largest energy companies with over 2.6 million electricity and gas accounts in New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion-dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market and an annual gas portfolio of over 100PJ.

EnergyAustralia supports the policy intent of the AEMC's draft rule to strengthen protections for customers in hardship. As a provider of an essential service, we have firsthand experience of how financial exclusion can impact our community and our business. We also see the impact this has on individual customer's and their family financially, mentally and physically. That is why we are accelerating support for our vulnerable customers by delivering initiatives designed to encourage financial inclusion through early interventions and proactive management.

### **Standard statements in the Hardship Guideline**

We agree with the AEMC's conclusion that the Hardship Guideline (the Guideline) is just a mechanism that will assist retailers in meeting the minimum requirements set out by the National Energy Retail Law (NERL).<sup>1</sup> The Guideline will also provide the AER a mechanism to ensure all retailers are adequately supporting their customers who are having financial difficulties due to hardship. However, the draft rule does not optimally balance the need to address the underlying cause of poor retailer behaviour, with not

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<sup>1</sup> AEMC draft rule determination p.27

adding unnecessary administrative and operational costs for retailers who already have good policies in place.

Rather than assisting retailers, the proposed clause 75A (2) seems to provide additional scope for the AER to determine exactly how the NERL minimum requirements should be interpreted. We acknowledge that the draft standard statement, circulated by the AER for the 25 September 2018 workshop, was only a draft and may not reflect the AER's intent. However, it does demonstrate that the AER is likely to make policy decisions that impact our internal processes and any initiatives we are undertaking to assist our vulnerable customers. Assisting vulnerable customers is not a one size fits all approach and the Guideline should not negatively impact retailers who are already going above the minimum requirements. For example, our EnergyAssist program has been voted the number one hardship program within the energy sector by Victorian financial counsellors and we want to ensure that this rule change allows us to continue to have the flexibility to evolve this program to increase its reach.

Customer's do not want the stigma of being identified as being in hardship and we are sensitive to how we approach our vulnerable customers. The AER's draft standard statement also identified triggers as to when a customer should be immediately referred to our hardship team (i.e. if there is a significant increase in energy usage or a reminder notice to pay has been sent). These are not necessarily an indicator of a customer in financial difficulty due to hardship. By allowing the AER to give effect to the NERL minimum requirements customers may be referred to our hardship team unnecessarily, and those that should be assisted may be missed. We consider that the draft rule provides incentives for retailers to give effect to the NERL minimum requirements in clear and specific action statements without the need for the AER to prescribe these.

As such, rather than prescribing in the rules that the Guideline specify standard statements to give effect to the minimum requirements, we consider it is more practical that these standard statements are only examples to be used to assist retailers. We would encourage the AEMC to amend clause 75A (2)(b) to align the rule with the policy intention to 'assist' retailers to meet the minimum standards set out in the NERL. We have provided an example of this below.

## **75A Customer hardship policy guideline**

*(2) The customer hardship policy guideline must specify:*

*(a) processes, timeframes and requirements to be complied with by retailers in connection with the approval (or variation) of their customer hardship policies by the AER;*

*(b) ~~standardised example statements that retailers must include in to assist retailers with ensuring their customer hardship policies to:~~*

*(i) give effect to the minimum requirements as set out in section 44 of the Law; and*

*(ii) provide guidance to customers on their rights, and retailer obligations, with respect to Part 2, Division 6 of the Law.*

By amending the clause, the AER will still be able to provide guidance on what a model hardship policy should be. It will still also provide the AER with a more efficient approach for compliance, but without restricting retailer's ability to innovate and improve hardship policies.

We also consider that there are sufficient provisions under the proposed clause 75B for the AER to undertake enforcement action if retailers do not lift their game and provide meaningful assistance to customers who find themselves in financial difficulties due to hardship. This clause will also address the AER's concerns that many retailer policies contain general, non-specific policies which deliver lower levels of protections.

If you would like to discuss this submission, please contact Carmel Forbes on (03) 8628 1596 or at [carmel.forbes@energyaustralia.com.au](mailto:carmel.forbes@energyaustralia.com.au).

Regards

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Industry Regulation Lead