

Our Ref: EWOQ/18/
Your Ref: RRC0017

18th October 2018

Attention: Ms Kate Wild
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
www.aemc.gov.au

Dear Ms Wild

Re: Draft Rule Determination – Strengthening protections for customers in hardship (RRC0017)

Thank you for the opportunity to make a submission on the Draft Rule Determination on the *National Energy Retail Amendment (Strengthening protections for customers in hardship) Rule 2018*.

Background to EWOQ

The Energy and Water Ombudsman Queensland (EWOQ) provides a free, fair and independent dispute resolution service for small electricity and gas customers across Queensland and water customers in south east Queensland who are unable to resolve a dispute with their supplier. Our submission is based on our experience as an external dispute resolution scheme dealing with residential and small business energy customer complaints in Queensland.

Assessment Framework

We understand the rule change seeks to improve the protection of customers who are experiencing financial difficulties and the Australian Energy Market Commission (AEMC) has to determine whether the proposed rule would be likely to promote the Australian Energy Regulator's (AER) National Energy Retail Obligation (NERO), the consumer protection test and section 49 of the National Energy Retail Law (NERL). With this in mind, we support the AEMC's choice of assessment framework which evaluates the rule change against the criteria of improved hardship protections, transparency, regulatory and administrative burden and long term benefits to customers, and concur with the summary of reasons outlined in the draft rule determination.

Feedback on the Draft Rule Determination

EWOQ supports the intention of the draft rule determination and welcomes a change which requires retailers to comply with new binding hardship guidelines to be developed by the Australian Energy Regulator (AER). We further endorse the requirement for the hardship guidelines to include:

- standardised statements that retailers must include in their hardship policies; and

- clear and specific statements of action retailers will take to both identify and assist customers who are experiencing financial hardship.

Binding guidelines of this nature will promote greater consistency in the provision of information, assistance and consumer protections for customers in hardship and have the potential to improve consumer confidence and customer outcomes. From an Ombudsman's perspective, we agree with the Commission's analysis that the rule change would:

- Promote consistency in the quality and application of retailers' customer hardship policies;
- Provide retailers with greater clarity on their hardship responsibilities as required under the NERL;
- Provide retailers and consumer groups with the opportunity to have their say in the development of the hardship guidelines through the retail consultation procedure;
- Provide a more efficient approach for the AER to exercise its powers under the NERL in order to improve hardship policies; and
- Improve the AER's ability to monitor and enforce hardship policies.

Accordingly, we concur the draft rule appropriately enhances the existing requirements on retailers under the NERL in relation to customers facing payment difficulties due to hardship.

It is noted the draft rule determination provides the following transitional arrangements:

- The AER must develop the hardship guidelines, in accordance with the retail consultation procedure, by 1 April 2019;
- Retailers with an approved hardship policy will have two months to submit their updated customer hardship policy that must comply with the hardship guidelines (by 1 June 2019);
- The AER will then have two months to approve the updated policies (by 1 August 2019); and
- Retailers must have their policies implemented within two months of approval by the AER and no later than 1 October 2019.

Given the importance of improving protections for customers facing hardship, EWOQ endorses these timeframes and supports the requirement for all current retailers to have their updated hardship policies operational by 1 October 2019.

In relation to the proposed arrangements for new retailers we agree with the concerns of customers with a new retailer and their ability to access the same consumer protections within their first six months of being a customer with that specific retailer. We support the Commission's proposed recommendation that the COAG Energy Council change the NERL to require retailers to have an approved policy in place before it can receive retailer authorisation. This will ensure the appropriate consumer protections are available to customers of a new retailer from the date of operation.

EWOQ further welcomes the measures to strengthen the existing consumer protections and agrees:

- The guidelines should be enforceable to ensure that retailers apply the guidelines in a consistent way to provide support for all consumers experiencing financial difficulties; and
- Civil penalty provisions should apply to the new rule requiring retailers to submit hardship policies initially or following an amendment by the AER to the hardship guidelines.

Overall, EWOQ agrees with the Commission's view that the draft rule "appropriately enhances the existing requirements on retailers under the NERL in relation to customers facing payment difficulties due to hardship, while also allowing the flexibility to enable retailers to provide a hardship program that suits their customers' needs."

Thank you for the opportunity to contribute to this draft rule determination. If you require any further information regarding this matter, please contact me on (07) 3087 9455.

Yours sincerely,



George Nix
A/Manager, Reporting, Policy and Research