



23 January 2025

Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Via online lodgement: www.aemc.gov.au

RRC0060 - Assisting hardship customers rule – Consultation paper

Alinta Energy welcomes the opportunity to provide comment on the Australian Energy Market Commission's consultation paper on the National Energy Retail Amendment (Assisting hardship customers) Rule.

Retailers have existing obligations and the incentive to assist customers experiencing hardship. As noted by the Commission, the AER is undertaking a review of the payment difficulty protections under the NECF. There is a concern that reforms already implemented have not been reviewed to determine their effectiveness, along with complimentary new regulation that is aimed at solving similar problems to that identified in the proposed rule (such as the AER payment difficulty review). Such overlap of regulation adds to the regulatory burden facing energy retailers, imposing additional costs on consumers, without sufficient analysis being paid to the effectiveness of existing, let alone proposed reforms.

The rule change proposes to require retailers to credit hardship customers' bills where the customer is not on the deemed better offer available. This approach avoids any changes to explicit informed consent provisions under the National Energy Retail Rules. EIC has been a key principle in the competitive energy retail market since its inception. Diluting or suspending EIC to allow customers to be assigned to market offers (even if they are in the customers best interest) would require broader consideration of the value of the principle of informed consent in the energy market.

While there are ongoing challenges involved in engaging small customers of all types, the proposed rule change risks decreasing customer engagement with the energy retail market in the longer-term by reducing incentives for customers to seek out offers that best suit their individual circumstances. Alinta Energy strongly recommends that the proposed rule be introduced as an "option" applied by retailers once all other attempts to engage with customers experiencing hardship have been exhausted. This would reduce the risk of customer disengagement, target those customers in genuine need of assistance and minimise the cost to consumers of the rule change.

The proposed solution will require significant time and resources for retailers to implement. Alinta Energy supports the Commission's intention to undertake an assessment of the costs and benefits of the proposed rule given that the proposal will require system and process changes that will take time to implement to ensure credits are accurately applied.

We also recommend that the proposed rule could be tested through a regulatory sandboxing process. This approach would provide significant advantages, as it will:

- Provide the opportunity for retailers to test processes and the crediting approach for customers in hardship programs;
- Demonstrate the effectiveness of crediting customer bills and the subsequent likelihood of

- reducing their debt and exiting a retailer's hardship program; and
- Generate accurate estimates of costs and benefits across a sample of customers and retailers to determine the value of the change.

We respond to specific questions raised in the Commission's consultation paper below.

Alinta Energy would welcome further discussion of any issues raised in this response with the Commission, please contact David Calder (David.Calder@alintaenergy.com.au) in the first instance.

Yours sincerely



Graeme Hamilton
General Manager, Regulatory & Government Affairs

Question 1: Hardship customers may not be on the deemed better offer

Do you agree that hardship customers may find it challenging engaging with their retailer and agree to be on the deemed better offer? If so, could you outline some reasons why consumers might not accept a better offer from their retailer while on a hardship plan?

Do you consider existing retailer requirements and/or processes for hardship customers to be on the deemed better offer need to be improved?

Engaging with customers is a dynamic process influenced by their individual circumstances and level of trust. Retailers routinely play a crucial role in helping customers assess and transition to better energy offers. When engagement is effective, the process of evaluating and moving customers to a better offer becomes straightforward and beneficial. Rather than considering changes to retailer requirements and processes, the focus should be on customer trust and engagement.

Market bodies, governments and other third parties have an important role in supporting the industry by emphasising that retailers are valuable sources of customer assistance. Promoting this positive narrative can strengthen consumer trust and encourage constructive interactions. While retailers contribute significantly to building trust, additional support from independent external parties such as governments market bodies, ombudsmen, consumer groups, and financial counsellors further enhances the trust and engagement necessary for effective consumer outcomes.

Question 2: Provision of bill credit to hardship customers who are not on a deemed better offer

Do you agree with the proposed solution as outlined in the rule change request or are the existing arrangements to protect hardship customers sufficient (including EIC arrangements and existing AER guidelines)? If you agree with the proposal in the rule change request please outline your reasoning.

The proposed solution should be considered as an “option” that should be available to retailers when a customer does not engage with the retailer. The retailer should be able to fully exercise the options available under the current framework; for example, where a customer engages under the current framework they will be assessed and with consent moved (where appropriate) to the retailer’s best offer.

It is only when all avenues to engage with the hardship customer have been exhausted that the retailer can choose the option of applying a credit equivalent to the difference of the customers current offer and the retailers best offer.

The proposed rule change therefore should be introduced as an additional option available to retailers in helping customers in hardship.

As noted above, the proposed bill credit approach avoids the need to address changes to EIC arrangements that would be required under alternatives involving automatic switching. However, Alinta Energy considers that there would be significant value in testing the effectiveness, costs and benefits of the proposed approach in a sandboxing environment. The proposed rule is exactly the kind of initiative suited to a regulatory sandbox.

Question 3: Costs and benefits of the proposed solution

Are there other potential benefits or costs not identified or that we should have regard to?

Costs will be dictated by the structure and application of the proposed rule change, noting that if the proposed rule change necessitates system changes, costs will significantly increase. A detailed evidentiary based cost benefit analysis must be undertaken as part of this proposed rule change assessment. This could be validated and supported through the regulatory sandbox approach.

Question 4: Implementation considerations

What factors could be considered for a credit mechanism that would help to minimise the costs and maximise the benefits?

Do you think the proposed rules-based approach is appropriate? Or should this obligation be required through AER guidelines (e.g. Customer Hardship Policy Guideline) instead?

What transitional provisions would help retailers and their customers?

If the crediting option is not introduced as a “retailer choice” option, then detailed governance and criteria need to be established to ensure the application of the support mechanism is applied equally and consistently across all retailers. A clear set of criteria should be established to define debt levels and the frequency of credits applied to customers.

Question 5: Assessment framework

Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

Alinta Energy supports the assessment framework set out by the Commission.