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Lodged via AEMC website

Dear AEMC,

Submission to Consultation: Improving the Application of Concessions to Bills (RRC0063)

Hanwha Energy Retail Australia welcomes the opportunity to provide feedback on the consultation regarding improving the application of concessions to energy bills. While we support efforts to ensure consumers receive the concessions they are entitled to, we have concerns about the practicality and effectiveness of the proposed changes. The complexity of concession applications and obligations already poses significant challenges, and any reforms must be designed to enhance efficiency while maintaining robust consumer protections.

We have considered and answered the four questions posed in the consultation by highlighting the existing barriers we face as well as the potential benefit of this rule change for consumers.

Key barriers to consumers not receiving concessions and rebates at sign up

PPOR requirements and failed validations when customers move home or retailers

State governments need to adequately address retailers ongoing issue of principal place of residence (PPOR) requirements and failed validations when customers move. This potentially affects customers who move home as well as when transferring to a new retailer. We encounter a lot of discrepancies between the council registered address for an NMI which consumers will have listed with Services Australia and the listed address in MSATS. This disproportionately affects vulnerable consumers who are more likely to change residences frequently.

A more effective solution would involve allowing concessions to follow customers rather than being tied strictly to an address-based validation system.

Lessons from Service NSW Concession Support Programs

Service NSW has implemented an effective program providing customers with free appointments to review and confirm their eligibility for various rebates and concessions. This holistic approach could be expanded to other states or adopted by Services Australia to streamline and improve concession accessibility beyond energy rebates alone.

Energy concessions are only one component of a consumer's overall financial wellbeing, and a broader approach to cost-of-living support is required.

Services Australia's Concession Scripting Process

Services Australia currently employs a highly complex procedure for concession scripting, which hampers retailers' ability to check for all available rebates. The script is verbatim and overly specific, it is difficult to apply across multiple rebates and concessions, including newly introduced rebates. This particularly affected customers with existing concession cards that had moved into a failed status but were not reviewed for eligibility under the Energy Bill Relief Fund (EBRF). This limits flexibility and creates inefficiencies in verifying and applying

concessions. Scripting with Services Australia needs to be reviewed to be more adaptable and less restrictive, ensuring a simpler and more effective process for both retailers and consumers.

Streamlining this process would improve accessibility and reduce administrative barriers for both customers and retailers.

Limited Impact of the Proposed Changes in South Australia

Research indicates that 38% of eligible customers in South Australia do not receive their entitled concessions. Given that retailer obligations and procedures have a minimal impact on concession uptake in SA due to consumers making application directly to the concession team in that state, the proposed changes are unlikely to significantly improve outcomes for consumers in this state.

South Australia is one of the most vulnerable states regarding payment difficulty and high energy costs, necessitating a broader, more targeted intervention beyond retailer process changes.

Aligning jurisdictional rules for backdating of concessions

There is currently a lack of consistency across states regarding backdating rules for concessions. Consumers in Victoria and the ACT have more generous backdating provisions that allow them to receive their concessions retrospectively for up to one or two years.

Aligning backdating rules across all states would ensure a fairer system where customers are not disadvantaged based on their location and would improve access for vulnerable consumers who may not apply for concessions immediately due to personal or financial challenges.

What happens to consumer access to concessions or rebates when they transfer retailers?

Many consumers do not inform a new retailer of their concession or rebate eligibility upon transferring due to a lack of education on the process and whether concessions transfer to new retailers when transferring, hesitation to share personal information, and uncertainty about what details need to be provided.

Some consumers are focused on securing a connection quickly and may not have their concession details readily available. The complexity of Explicit Informed Consent (EIC) requirements and the information a consumer must read and understand also makes it easy for concessions to be overlooked at the point of signing up.

This issue is further exacerbated in some states with restrictive backdating rules, meaning customers who realise their mistake too late may be unable to claim missed concessions. Ensuring clearer communication, improving education on concession processes, and aligning backdating rules across states would help mitigate these disadvantages.

How could retailers best ask or inform consumers about their eligibility for concessions or rebates at sign up?

Retailer Obligations to Ask for Concession Details

We support the proposal requiring retailers to ask customers for concession details. This is a reasonable and achievable expectation that is already embedded in our sign up processes.

Additionally, retailers have existing obligations to engage with customers and ensure they are receiving all eligible concessions and rebates. These obligations result in multiple touch points during the consumer journey where information regarding concessions is provided by us including every bill issued to the customer and anytime a customer is in payment difficulty.

We historically have low response rates from consumers to offers of assistance even when we reach out early on in identification of vulnerability and payment difficulties. Which indicates that customers do not look to their utilities for assistance and are less likely to engage with us. They are much more likely to engage with a concession body or Services Australia on a regular basis and this therefore provides them with better educational opportunities to the customer.

State governments should share responsibility with retailers to ensure proper notification of eligibility and eligibility changes

When state governments change concession eligibility criteria, they should ensure eligible recipients are properly notified by the respective bodies. For example, in NSW last year, the eligibility for the Low Income Household Rebate expanded from certain types of DVA cardholders to all DVA Gold Card holders. There are likely customers who are now eligible but have not provided their details to retailers.

If there was a requirement for the department to notify card holders in NSW of this change and encourage them to contact their retailer this could have resulted in a significant uptake.

Similar proactive notification measures should be standard practice across all states to ensure consumers do not miss out on available concessions.

What should occur during a transfer?

Effectiveness of NMI Field for Concession Holders

The suggestion to add a new field at the NMI level to indicate the presence of a concession holder is unlikely to achieve the desired effect, particularly given the frequency of residence changes of vulnerable consumers. Instead, retailers should be required to continue validating concession details on an annual basis following a failed validation. This would ensure ongoing eligibility checks without undue burden on customers.

State governments should share responsibility with retailers to ensure proper notification of loss of concession application

State governments hold the most relevant information when a rebate or concession for an eligible person is ceased and not reinstated. This responsibility could be shared with retailers to ensure that a notification is sent to the eligible person from the relevant state government, regardless of their retailer, to make them aware of the change.

Additionally, as well as retailers asking a consumer for concession details during their sign up process, they could also trigger a notification at the time of concession loss when a consumer initiates a switch to a new retailer.

Conclusion

We support the objective of ensuring consumers receive their entitled concessions but urge the AEMC to reconsider aspects of the proposal that may not effectively address existing barriers. In particular, addressing the limitations of the PPOR requirement, improving the efficiency of Services Australia processes, and considering a more holistic, cross-agency approach to align backdating rules, and enhancing the role of state governments in notification processes would yield better outcomes for consumers.

We appreciate the opportunity to provide feedback and would welcome further engagement on this matter. Please do not hesitate to contact us should you require any additional information.

Yours sincerely,

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