

5 March 2025

Ms Jessica Curtis
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000
Online via: www.aemc.gov.au

Dear Ms Curtis

RRC0063 – Improving the application of concessions to bills

Thank you for the opportunity to comment on the Improving the application of concessions to bills consultation paper.

The comments contained in this submission reflect the feedback of the Energy & Water Ombudsman NSW (EWON), Energy & Water Ombudsman South Australia (EWOSA), and Energy and Water Ombudsman Queensland (EWOQ). We are the industry-based external dispute resolution schemes for the energy and water industries in New South Wales, South Australia, and Queensland.

We have collectively reviewed the consultation paper and responded to the consultation questions with learnings from our complaints data and other issues Energy and Water Ombudsman encounter when assisting energy customers access concessions and rebates.

If you require any further information regarding our submission, please contact Dr Rory Campbell, Manager Policy & Systemic Issues (EWON) on 02 8218 5266, Mr Antony Clarke, Policy and Governance Lead (EWOSA) on 08 8216 1861, or Mr Jeremy Inglis, Manager Policy and Research (EWOQ) on 07 3212 0630.

Yours Sincerely



Janine Young
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RRC0063 – Improving the application of concessions to bills

We are supportive of the intent of the rule change proposal to improve access to concessions and application of those concessions to consumer bills, particularly as consumers endure a prolonged and broad-spectrum cost of living crisis.

The research identified in the consultation paper (by Melbourne Institute) highlights the low uptake of consumers accessing concession and other entitlements. Just under 62 percent of concession holders have not applied energy concessions to their energy bill in the past six months, which is mainly attributed to lack of awareness and lack of knowledge of energy concessions. This data is supported by a recent campaign led by the Energy Charter (Keep the money Its Yours).

The gap is clear but to improve access a broader multifaceted approach is required. There are multiple consumer touchpoints and barriers to information about concessions. This is particularly the case for vulnerable consumers, where the need maybe more critical.

We are concerned the consultation paper is far too limited in its scope to support meaningful long-term change. The paper is:

- limited to customers access to concessions/rebates prior to experiencing payment difficulties
- only considers two aspects of the customer journey – on sign up and when switching.

We acknowledge that part of the proposal includes an audit of existing customers upon the rule taking effect which should improve access to entitlements in the short to medium term.

Of further relevance is the significant jurisdictional differences in how concessions are administered nationally. In states where customers apply to an external body to receive energy concessions such as in South Australia where energy customers must apply to Concessions SA, energy retailers have limited scope to make improvements.

We strongly urge the AEMC to consider these broader issues moving forward.

Question 1 - Key barriers to consumers not receiving concessions and rebates they are eligible for

Q. If retailers do not ask consumers about their eligibility for concessions or rebates, does it create a barrier to access, and if so, how?

Low consumer awareness is a key challenge for energy customers accessing concessions and rebates. This is evident in not only the research presented by the Melbourne Institute, but also in our collective experiences as EWO schemes assisting energy customers with complaints and attending community outreach events and programs such as Bring your bills days.

Whilst there are a range of reasons which contribute to low consumer awareness, we agree the current obligations on retailers to merely provide information on concessions and rebates appears insufficient and ineffective in promoting these entitlements. Whilst we acknowledge there are a range of approaches across the sector as to how information is currently provided by retailers, in many cases it is hidden within welcome packs or contract terms and conditions, and on retailer websites. As a consequence, there is an over-reliance on customers to review all energy correspondence or information platforms such as websites/apps on sign up, identify the relevant information on concessions and rebates and self-assess - all before contacting their retailer to discuss their eligibility.

As the primary point of contact and source of information for energy customers, placing a requirement on retailers to proactively ask customers about their eligibility makes sense and is one step towards

minimising this information gap and addressing low consumer awareness amongst those who may be unaware that they are eligible for a concession or that concessions exist.

We welcome the proposal which would require retailers to take proactive steps to ask customers about their eligibility on sign up. We recommend the requirement cover all forms of sign-up communication including electronic sign up and in person communication (by asking on the phone). Sign up is only one part of the customer journey. We recommend that the Commission consider extending this requirement to oblige retailers to engage with customers at regular consumer touch points throughout the life of the customer contract to support further uptake of concessions and rebates. This will ensure that customers who become eligible for a concession whilst holding an energy account will be captured in the future.

We further note the rule change request proposes an audit of existing customers, upon the rule taking effect, to check customer eligibility. We endorse this initiative whilst acknowledging its implementation maybe costly on retailers.

Q. Do you have any comments on the identified barriers, or additional issues the Commission should be aware of?

As the industry based external dispute resolution scheme for the energy industry, we can provide valuable insights on the barriers consumers experience in accessing concessions and rebates.

EWO schemes help energy customers on concessions and rebates in a range of circumstances including:

- customer eligibility for concessions and/or rebates
- concessions and/or rebates not being applied or incorrectly applied to energy accounts
- delays in concessions and/or rebates being applied
- retailer reluctance to backdate relevant concessions and/or rebates
- account holder misalignment

From the complaints we receive, we concur with the Commission's view on the barriers identified at sign up and agree they reflect some of the challenges energy consumers experience:

1. Barriers preventing consumers from providing their eligibility information to their retailer including:
 - Additional step of providing information
 - Lack of consumer knowledge – evident by consumer enquiries at Bring Your Bills
 - Reluctance to access entitlements – stigma/pride
2. Barriers preventing consumers from receiving concessions or rebates once they have applied including:
 - Account holder misalignment - concessional recipient not a/c holder
 - Difference in identity information - name/addresses fail to validate with relevant government held information.

Through our case management, we have further identified other common barriers for consumers accessing energy concessions and rebates both at sign up and throughout the life of the customer contract:

Reluctance/avoidance to contact retailer

There are many scenarios in which energy customers are either reluctant or avoid contact with their energy retailer. This may be due to:

- Customers owing amounts from a previous bill
- Previous negative customer service experiences with the retailer
- Access issues – language, speech, hearing issues, energy literacy
- Affordability issues – can't afford the phone/ internet
- Customers that don't open bills

This can inhibit the provision of information, particularly important information, such as information on relevant concessions or rebates, and more broadly payment options and hardship programs.

Expiry of concessions

EWOs see complaints where customers have lost access to their concession or rebate due to the expiry of their concession card. We suggest there is an opportunity for better collaboration between retailers and Services Australia on data validation to improve transparency and the mobility of entitlements. We further support the call for long term system solutions and automation.

Systemic issues with retailer systems

System issues which impact the application of concessions and rebates can exist where there is an interaction between retailer systems with the systems of Services Australia, networks, the Australian Energy Market Operator (AEMO) and others. One common issue EWOs see is where there are validation failures when all identity information in different systems match except an individual detail like a postcode. Correcting it may or may not be within the retailer's direct control depending on which system holds the incorrect or mismatching detail. Customers outcomes in this situation can differ depending on:

- how well a particular retailer's systems are able to accommodate exceptions processes for customers with additional Services Australia privacy restrictions (often due to safety concerns). Case study 2 exemplifies this issue.
- what documentary evidence a particular network requires to update address details.

Other issues - Removal for energy retailers to apply a retrospective payment up to a year's worth of rebate in Queensland

In Queensland, energy retailers previously had the ability to automatically apply a retrospective payment of up to 12 months of the electricity rebate in situations where eligible energy customers were unaware they could access an energy concession. In 2017 however the Queensland Government made the decision to remove automatic retrospective payments as part of its decision to expand the electricity rebate.

Only customers presenting with special extenuating circumstances are now able to apply for a rebate back payment, but this is on a case-by case basis. These requests must be presented to Concession Services, Smart Service Queensland who administer the scheme on behalf of the Queensland Government, for determination and approval. Retailers must not apply any automatic back payments without this referral. There are further limitations on what constitutes valid extenuating circumstances

– lack of knowledge about the availability of the concession or delays on the part of the customer to make an application are not accepted reasons.

Embedded network customers

Low consumer awareness is similarly a problem in the embedded network space. Whilst Condition 2 of the Exempt Seller Guideline¹ includes information provision obligations which require an exempt seller to provide relevant concession information in writing upfront to embedded network customers, EWOs continue to see a lack of relevant eligibility/entitlement information being provided. We therefore call for similar reforms to the Exempt Seller Guideline to introduce a requirement for exempt sellers to proactively inform their customers at various touch points about concessions and rebates.

Whilst low consumer awareness is consistent across all jurisdictions, the uptake of concessions and rebates is further impacted by how these entitlements are managed across the states.

Queensland

In Queensland there are additional and onerous administrative barriers faced by embedded network customers in gaining access to concessions and rebates due to the requirement for customers to complete a paper form with a physical signature. This is a once off requirement. This process can create a range of problems particularly in terms of the timely processing of the application for the concession or rebate. These delays can sometimes result in embedded network customers missing out on eligible concessions or rebates such as we saw with the Cost of Living Rebate (COLR) rebate.

EWOQ also receives complaints from embedded network customers on energy concessions and electricity rebates relating to:

- ES and billing agents not passing on concessions and rebates in a timely manner or at all in some instances to the detriment of consumers.
- ES and billing agents determining how and when to apply concessions and rebates
- Lack of transparency on billing in relation to concessions and rebates

EWOQ has identified a number of opportunities to improve the administration of electricity concessions and rebates in Queensland embedded networks, some of which mirror those proposed in this rule change and provided advice to Qld Energy Minister in March 2024. Recommendations included:

- Introducing a requirement for ES and billing agents to actively inform tenants of their entitlements and provide forms for completion. This could include information available in welcome packs for new tenants. Any requirement would need to be supported by better promotion of concessions and rebates and eligibility information.
- Introducing specific rules for gate retailers to process applications within a set timeframe to ensure eligible entitlements are actioned in a timely manner within a quarterly billing cycle.

To support these rules, EWOQ further proposed empowering the AER with the appropriate monitoring and enforcement powers to ensure compliance.

¹ Condition 2 (1)(f) of the Retail Exempt Selling Guideline provides that the exempt must advise exempt customers in writing of the availability of relevant government or non-government energy rebates, concessions and relief schemes at the start of the customers tenancy/residence/agreement.

South Australia

Similarly in South Australia, energy customers, including those in embedded networks, are required to complete an application form to access concessions and rebates. As noted earlier in our response, energy concessions in South Australia are managed by Concessions SA. This process is a barrier for some customers and may be why South Australians are amongst the highest number of energy consumers missing out on concessions and rebates.

New South Wales

Energy retailers in New South Wales obtain concession and rebate eligibility information from on-market retail customers. The requirements for obtaining and validating eligibility information vary depending on the rebate type, such as whether supporting documentation like a medical declaration is required. Retailers then automatically apply rebates to a customer's bills on an ongoing basis while the customer remains eligible.

The NSW Social Programs for Energy Code allows embedded network providers who fulfil certain criteria to voluntarily opt in to apply rebates in this same manner. Otherwise, customers living in embedded networks apply directly to Service NSW for rebates each financial year. Each rebate has a separate application form with different requirements for information and supporting documentation, which can be submitted online or by post. Once a customer's eligibility is confirmed, rebates are deposited as a lump sum directly into the customer's bank account rather than applied to bills.

It is therefore vital to prompt and maintain customer awareness of entitlements and how to access them, as they need to:

- understand whether to apply to their embedded network provider or Services NSW
- remember to repeat the process every financial year if applying to Services NSW
- understand the various requirements for different rebates.

Question 2 - What happens to consumer access to concessions or rebates when they transfer retailers?

Q. How many consumers who are receiving concessions or rebates do not inform a new retailer of their eligibility upon transferring, and what might drive this?

Ombudsman complaints data supports the view that many customers who are receiving concessions or rebates do not inform a new retailer of their eligibility upon transferring. Whilst it is difficult to pinpoint the extent to which this occurs, we can confirm a common theme we hear from customers switching is that they assumed all their entitlements (concessions) would simply transfer across. Customers often tell us that they were told 'you don't need to do anything'. Further consumer sentiment which is common particularly when the customer is moving premises but remains with the same retailer is the assumption that the retailer already holds all the customer's information - 'they know I was entitled to a rebate'.

Other barriers to accessing concessions when transferring retailers are the transactional costs customers face, such as the time and effort required to confirm the new retailer has the requisite concessional information.

Question 3 - How could retailers best ask or inform consumers about their eligibility for concessions or rebates at sign up?

How would a principles-based vs prescriptive rule impact both consumers and retailers?

There are pros and cons of a rule-based approach v a principle-based approach, regardless of which methodology is adopted. The approach should not be so prescriptive as to stifle innovation and flexibility or bring about costly implementation in the delivery of the proposed outcomes. It however should be balanced with a degree of standardisation, which is favourable to ensuring consistency across the industry.

Question 4 – Transfer process - What should occur during a transfer?

How would a transfer-specific obligation interact with an obligation for a retailer to ask a customer about their eligibility at sign-up? What are your views on the options for a transfer-related obligation, such as adding a field to the current NMI transfer process, a requirement similar to that in NSW, or any other recommendations?

We support in principle the introduction of a transfer specific obligation on retailers to improve the portability of concessional information. We agree adding a field to the current NMI transfer process would prompt the new retailer to request eligibility information from the consumer for validation - although we note that under the proposed new requirement this should already be asked by the new retailer at sign up.

The initiative has the potential to act as a further safeguard to minimise the number of customers who no longer receive their concessions because they neglected to reapply or were unaware of the need to reapply after changing retailers. We agree it has the added benefit of providing a reportable metric to allow for greater AER oversight.

We also acknowledge the challenges raised by the proponent around:

- The unsuitability of the proposed process to situations where a customer has moved premises and retailer as the NMI data remains tied to the meter rather than the customer.
- Potential systems limitations
- The sharing of sensitive customer information and associated privacy considerations.

These issues would need to be explored further as part of this consultation to assess the overall feasibility of a transfer specific obligation.

Question 5 - How could retailers inform or ask current customers about their eligibility for concessions or rebates?

Do stakeholders have any additional information on the success of similar obligations or programs

Whilst there are current obligations on NSW retailers under the NSW Social Programs for Energy Code to provide information upon sign up and ensure continuity of payments upon transfer, EWON does not have specific data on how many complaints relate to customers accessing concessions and rebates in accordance with these obligations. Broadly, EWON complaints and systemic issue investigations about concessions are more likely to relate to eligibility and validation (see the list of other barriers outlined in response to Question 1), rather than customers not being informed of rebates on sign-up or ceasing to receive a rebate upon switching.

Question 6 - Compliance

Would civil penalties be appropriate for a breach of any of the proposed rules, and if so, which civil penalty tier(s) would be appropriate?

Yes - agree in principle that civil penalties could act as an effective deterrent to promote compliance.

Question 7 - Alternatives - Could consumer access to concessions and rebates be improved in a different or more efficient way?

Are there alternative approaches outside of the energy rules, such as industry or jurisdictional initiatives or other regulatory tools, that would more successfully address the issue set out in the rule change request?

Further recommendations within the energy rules

Better bills requirement

EWOs expressed views on promoting information on concessions and rebates during the development of the Better Bills Guideline that was introduced in 2022 and have consistently advocated for their inclusion on customer bills.

We ask that further consideration to be given to placing a requirement in the Better Bills Guideline for retailers to publish information about concessions/rebates upfront, preferably in Tier 1, on every bill or alternatively bi-annually as part of an ongoing information awareness campaign.

Suggested wording:

Have your circumstances changed? Do you have a new concession card? Could you be entitled to a rebate?

Given the broad target audience, the inclusion of this information on energy bills has the potential to significantly increase the knowledge and uptake of concessions and rebates for customers who are eligible but not already receiving them. It would also promote consistency across jurisdictions to align with the current requirements on retailers in states such as NSW² and SA³ who are already required to publish concession information on bills.

Other alternatives

Better promotion of rebates/concessions/ broader awareness campaigns

The promotion and communication of tailored information on concession and rebates needs to be stronger across a broader range of platforms/channels and designed for diverse audiences (accessible content). This should be supported by ongoing collaborative information and awareness initiatives and campaigns across the sector, example of which include:

- Recent campaign by Energy Charter 'Keep the Money Its Yours'
- Regular social media campaigns and awareness sessions by EWOs. All EWOs also publish information on concessions and rebates on dedicated pages on our websites
- Continued awareness raising by media

² Section 8.1.1.2 of the NSW Social Programs for Energy Code requires concession information to be included on each bill issued to a residential customer or exempt customer

³ Section 3(e)(iv) of the South Australian Government Customer Concession Scheme for Energy provides that the retailer must include on its websites, promotional materials and energy bills of SA residential customers a prescribed statement about concessions, who administers them and how to apply.

Beyond this, other avenues for the promotion of concessions and rebates could encompass:

- Publishing content on concessions and rebates on the Australian Energy Regulator's (AER) Energy Made easy website – Hot Topics
- Scope for Services Australia to better inform recipients of concession cards along with their entitlements upfront
- Further consideration and funding towards the establishment of one stop shops for energy consumers – energy hubs
- The establishment for a national energy assistance program similar to free phone service in Victoria

System automation

We supported a recommendation from the AER's Game Changer Report that consumers should automatically receive concessions/rebates they are entitled to with systems upgraded to:

- facilitate centralised access to eligible data for retailers so they can verify if a consumer is entitled to a concession/rebate and automatically apply it to the customer's a/c.
- ensure consumers are able to switch retailers and retain their concessions without the need to reapply.

We do acknowledge there may be some system upgrade costs and privacy matters that need further consideration to facilitate this kind of solution.

Appendix 1 – Case Studies

Case study 1 - Concession card holder misses out on full Cost of Living Rebate

Despite a customer meeting all the eligibility criteria for the \$700 2023-24 Cost of Living rebate as a Pensioner concession card holder, her energy provider only credited \$550 to her account. She approached EWOQ for assistance after contacting her energy provider about the error and being further denied the full rebate.

Upon investigation with the customer's energy provider – an embedded network operator – it was ascertained that the customer had only provided her concession details to them in October 2023 – a few months after the rebate start date of 1 July. However, the customer had held an eligible concession for several years and assumed it had been added to the account when she joined. When she moved into her rental property, her energy account set-up was handled by a real estate agent since it was an embedded network, who did not request any concession details.

As a result of our investigation, the provider recognised they had not asked for the concession details or provided the customer with details on how to do this and offered her the remaining credit of \$150 onto her account. The customer accepted this offer as she had only wanted to receive what she was entitled to.

Case study 2 - Customer's identifying details are restricted with Services Australia

A customer established an account with his preferred retailer in May 2023. He provided his valid concession details but the Low Income Household Rebate was not applied to his bills. He tried to resolve the matter with his retailer, but the rebate was still not applied. He contacted EWON in June 2023 for assistance and advised that the problem appeared to stem from his details being hidden at Centrelink. He considered the retailer did not provide him with any solutions to get the rebate applied.

EWON spoke to the retailer, and it advised that the customer's postcode was unable to be confirmed through its normal validation process so it could not apply the rebate. The retailer spoke to Services Australia to get advice on next steps, and the retailer then shared this information with EWON. Services Australia advised that due to a restriction on the customer's details, the postcode would not validate through the normal batch process and the retailer would need to apply an exception to the postcode in the validation check. Before doing this, it would need a letter showing the customer's home address and clear consent for the concession card to be applied. However, applying this process took some time due to confusion over what constituted appropriate customer consent. After this was resolved in August 2023, the exceptions process was successful, and the rebate was applied moving forward. The retailer also applied missed rebate amounts back to the start date of the account plus a \$100 customer service gesture.