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National Energy Retail Amendment – Streamlining Payment Difficulty Protections – Rule (RRC0075)

Alinta Energy welcomes the opportunity to provide comment on the draft determination on *Streamlining Payment Difficulty Protections*.

Customers experiencing payment difficulty need support that is timely, accessible and appropriate to their circumstances. As a retailer serving more than 1.1 million electricity and gas customers, Alinta Energy supports reforms that help customers access the right support when they need it, under regulations that are clear and objective, workable in practice, and carefully drafted with stakeholder input so they deliver the intended customer outcomes.

The rule change should not be expedited

In the context of delivering these outcomes, we consider that the proposed rule change would benefit from further consultation before being progressed on an expedited basis. The issues under consideration, are important and may have implementation implications, with costs that are ultimately borne by customers. Further consultation would help ensure the final rule is clear, workable in practice and supports the intended customer outcomes.

Implementation timeframes should support customer outcomes

Similarly, a six-month implementation period may not provide sufficient time to deliver these changes in a way that supports customers. The proposed obligations will require careful implementation and are likely to require retailers to design, build and test changes to systems, processes, customer communications and frontline support. A compressed implementation period could increase the risk of poorer customer outcomes, including inconsistent information, system errors and avoidable disruption for customers experiencing payment difficulty. A twelve-month transitional period should be provided. During this period, retailers should be taken to be compliant if they meet either the existing obligation or the new obligation, provided they are working towards full compliance with all new and revised obligations by the end of the transition period.

Retailers are only one part of the affordability solution

More broadly, the draft rule does not address one of the fundamental issues the AER's game changer process was initially established to consider: customers in hardship who cannot afford their ongoing energy usage. Energy affordability is a broader social policy issue and cannot be addressed by retailer hardship and payment assistance

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programs alone. Retailers have an important role in identifying customers experiencing payment difficulty, engaging early and offering practical assistance. However, many of the underlying drivers of affordability, including income adequacy, housing quality, household energy efficiency and broader cost-of-living pressures, sit largely outside the control of retailers.

For that reason, retailer obligations and Government support programs should operate together as part of a coherent customer protection framework. This shared-responsibility model recognises the important role of retailer support, while ensuring broader affordability challenges are addressed through institutions best equipped and funded to do so.

Targeted support for arrears and ongoing consumption

This shared-responsibility model is particularly important for customers who are managing both arrears and ongoing energy consumption. For these customers, payment difficulty often involves two financial obligations at the same time: repayment of existing debt and payment for current energy use. If a customer's income is insufficient to meet their ongoing consumption costs, adding arrears repayments can make even a flexible payment arrangement unsustainable.

This is central to the effectiveness of any payment difficulty framework. If the combined amount required to cover arrears and ongoing consumption exceeds what a customer can reasonably afford, the payment plan is unlikely to be maintained, regardless of how clearly it is communicated or how early the retailer engages. In these circumstances, customers may disengage, debt may continue to accumulate and the risk of further financial stress increases. Stronger retailer obligations alone cannot resolve this affordability gap.

For this reason, government support must form a more substantial part of the customer protection framework. Concessions, emergency relief and targeted assistance should help customers meet both current consumption costs and accumulated arrears where they are unable to do so through income alone. Without this broader support, retailer-led payment arrangements may support engagement, but they will not address the affordability problem that prevents customers from getting back on track.

Our detailed comments and responses to the questions from the consultation paper are provided below, should you have any questions or wish to discuss any aspect of our submission please contact Shaun Ruddy on (02) 9372 2653 or at shaun.ruddy@alintaenergy.com.au

Yours Sincerely

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National Energy Retail Amendment – Streamlining Payment Difficulty Protections

Theme 1 – Disconnection practices reflect current retailer practices.

Disconnection is, and will remain, a last resort for retailers. Retailers maintain detailed systems, policies and processes to ensure this occurs only where appropriate. Continued connection is also more likely to support constructive customer engagement and avoid further debt or hardship.

Clarifying the time when a retailer is taken to have disconnected a customer

The draft rule proposes to amend Rule 107 to provide that *"a retailer is taken to have arranged de-energisation or re-energisation of a customer's premises at the time it makes the request to a distributor for the premises to be de-energised or re-energised"*.

This amendment is intended to clarify when a retailer is taken to have arranged disconnection or reconnection. However, the proposed drafting does not reflect all practical scenarios in which a customer's premises may be de-energised or re-energised. In some cases, these services may occur without a request being made to the distributor.

For customers with a type 4 smart meter in jurisdictions where remote services are permitted, de-energisation or re-energisation may be carried out by the relevant Metering Provider following a request made through the retailer's Metering Coordinator. To avoid uncertainty for customers and retailers, Rule 107 should be drafted to recognise these different service pathways and clearly identify when the retailer is taken to have arranged the service in each case.

Requiring retailer engagement through at least two channels of communication for customers at risk of disconnection

Alinta Energy supports customers being contacted through their preferred communication method where that preference is known. Effective engagement is essential to ensuring customers at risk of disconnection understand the support available to them and have a meaningful opportunity to access that support. However, the proposed requirement for retailers to use two communication methods appears to assume that retailers are not already using multiple channels to engage with customers.

That assumption is not correct. Retailers already recognise the importance of proactive customer engagement, particularly where a customer may need payment assistance or other support to remain connected. The draft determination relies on statistical research from a 2024 Justice and Equity Centre report, which the AEMC states found that 47 per cent of disconnected customers had no contact with their retailer before disconnection.

That research should be treated with caution. The report was not limited to energy retailers and combined the activities of energy retailers and water providers. Water providers are not subject to the same level of regulatory oversight as energy retailers. The survey responses also do not appear to have been based on direct questions asking whether the customer was contacted by their supplier before disconnection. The AEMC should therefore avoid relying on broad statistical reporting to support a narrow conclusion about energy retailer conduct.

The obligation should give greater weight to the customer's preferred communication method. Contacting a customer through a channel they do not use or do not trust may reduce, rather than improve, the likelihood of engagement. For example, many customers ignore or delete SMS messages because of the high volume of fraudulent and unsolicited messages sent through that channel.

Alinta Energy supports the use of at least two communication methods when this improves the likelihood that a customer will receive and act on important information. However, the rule should recognise that additional methods used outside a customer's preferred channel may be less effective. Clear drafting is also needed on what counts as a separate communication method, particularly when the proposed rule refers to contact "by electronic means".

"Electronic means" is broad and may include several distinct forms of digital communication. In its ordinary meaning, it would include email and SMS or text messages. As customer preferences and technology continue to evolve, it may also include customer portal notifications, app push notifications or similar digital communications, when those channels are capable of bringing important information to the customer's attention. The rule should be clear enough to support effective customer engagement while allowing retailers to use communication channels that reflect how customers actually choose to interact with their retailer.