

# Stakeholder forum

**Review of payment difficulty protections in the National Energy Customer Framework**

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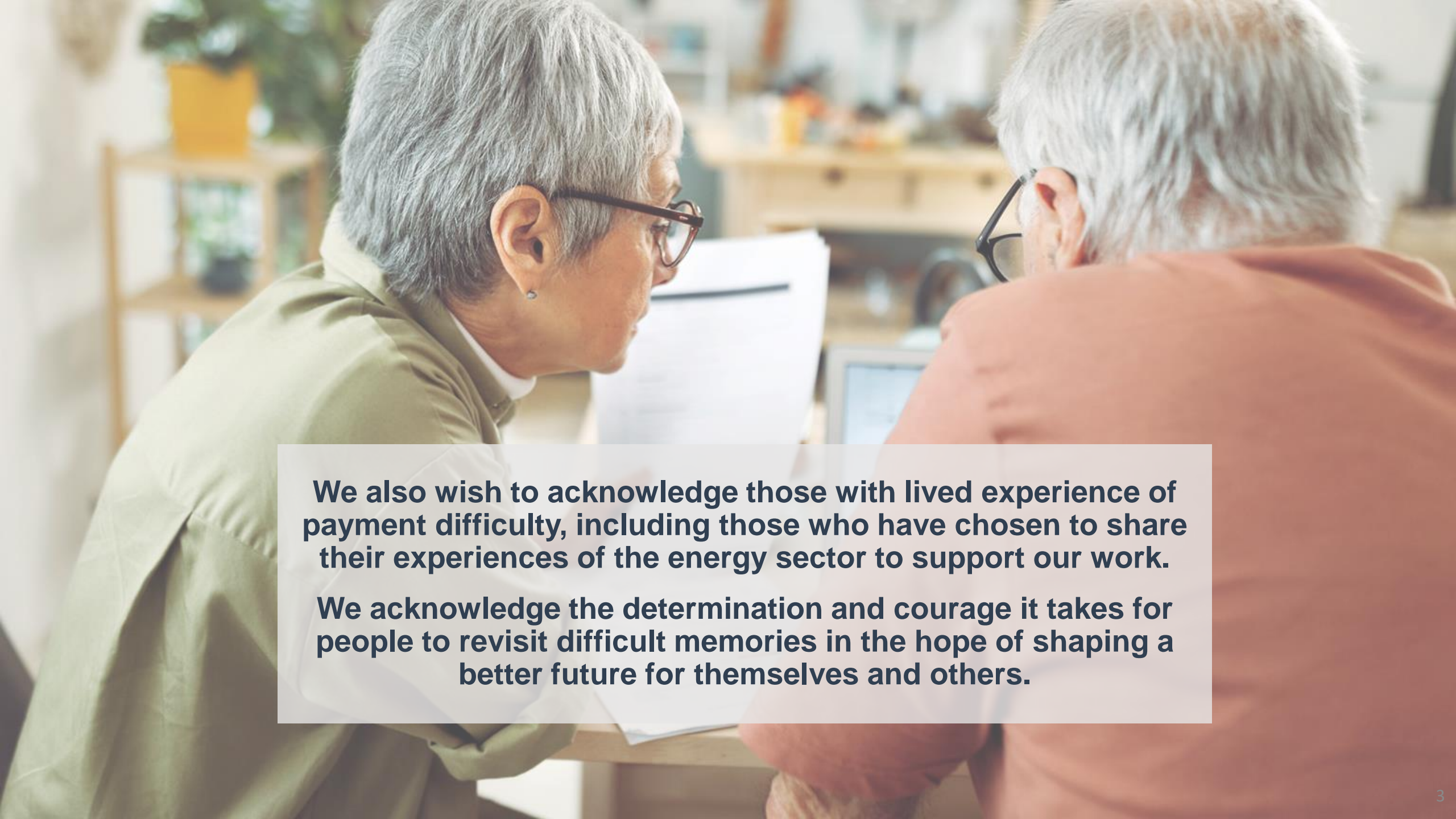
Lois Shedd, Acting Director, Consumer Policy



**We wish to acknowledge the Traditional Custodians of the lands on which we meet today.**

**We pay our respects to Elders past, present and into the future. We acknowledge their continuing connection to the land, sea and community.**

**We acknowledge and welcome any Aboriginal and Torres Strait Islander people who are attending today's event.**



**We also wish to acknowledge those with lived experience of payment difficulty, including those who have chosen to share their experiences of the energy sector to support our work.**

**We acknowledge the determination and courage it takes for people to revisit difficult memories in the hope of shaping a better future for themselves and others.**

# Today's forum

## The purpose of today's forum is:

To inform stakeholders about the feedback we received in response to the issues paper for our review of payment difficulty protections in the National Energy Customer Framework.

### Introduction

### What we heard

What we asked

Who we heard from

Framework for the review

Eligibility for payment difficulty protections

Identifying and engaging with consumers experiencing payment difficulty

Assisting consumers experiencing payment difficulty

Ensuring disconnection is a last resort

Summary

**What did we ask?**

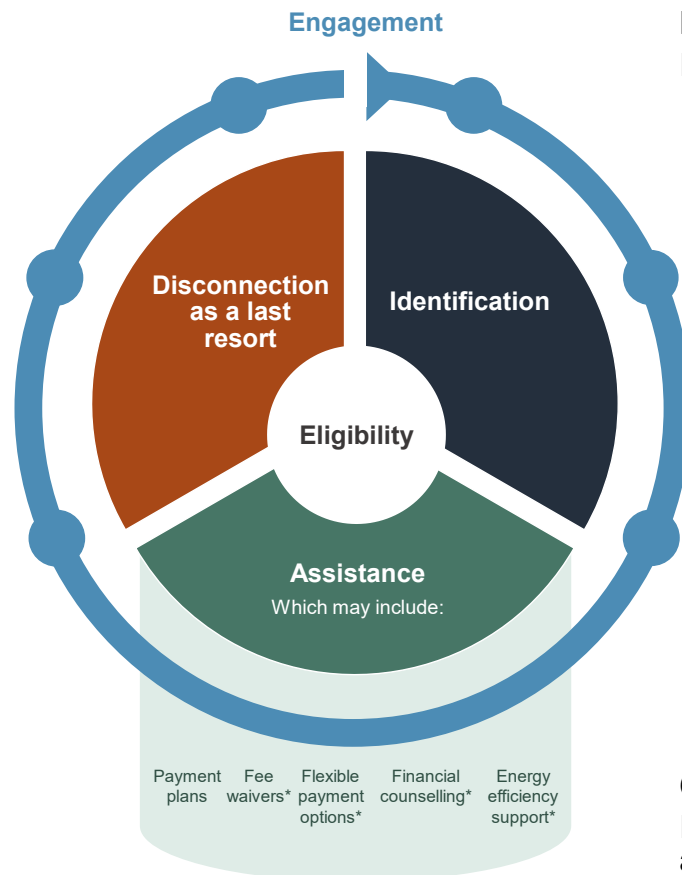
# About the review and consultation process



If there is a case for change, next steps could include reviewing AER guidelines and instruments, submitting a rule change request to the AEMC, or advocating with Ministers and jurisdictions for legislative reform.

# About the issues paper

The issues paper set out key issues identified through early engagement, preliminary analysis and lived experience research. These issues were organised within an illustrative journey for consumers experiencing payment difficulty under the current framework.



## Background and introduction

Including the proposed approach for the review and learnings from other frameworks and approaches

## Eligibility for protections

Including differing levels of protections, retailer discretion in determining eligibility, and eligibility gaps for customers in specific circumstances (including customers of exempt sellers and many prepayment meters)

## Identifying and engaging with consumers experiencing payment difficulty

Including reliance on self-identification, identification 'triggers' and automation, the role of retailer hardship policies, accessibility of information about assistance, and proactive and automated engagement

## Assistance for consumers experiencing payment difficulty

Including gaps in assistance for hardship customers, lack of assistance for other customers experiencing payment difficulty, opportunities to improve non-hardship payment plans, and other forms of assistance and that should be considered

## Disconnection as a last resort

Including effectiveness of the minimum disconnection amount, opportunities to improve engagement in the disconnection process, provision of assistance prior to disconnection, and gaps in disconnection protections

## Costs and benefits of potential changes

Including impacts of regulatory change on retailer costs, potential benefits and limitations of harmonising protections across jurisdictions, and potential benefits of clarifying or simplifying protections

# Consultation questions

- 1 Do you have any feedback on the **proposed approach** for the review?
- 2 What can we learn from **other approaches** to strengthening protections for consumers experiencing payment difficulty?
- 3 How adequate, effective and appropriate is the current **eligibility framework** for payment difficulty protections?
- 4 How could the framework better support **early identification** of consumers experiencing payment difficulty?
- 5 How could the framework better support **effective engagement** with consumers experiencing payment difficulty?
- 6 How could the framework better ensure that consumers experiencing payment difficulty are **supported appropriately** with assistance that is tailored to their individual circumstances?
- 7 How could the framework better ensure that **disconnection** is a last resort?
- 8 What are the **costs and benefits** of potential changes to the framework?



**Who did we hear from?**

# We received 25 formal submissions from 36 stakeholders

## Consumer organisations and ombudsman schemes

Australian Council of Social Service  
 Brotherhood of St Laurence  
 Consumer Action Law Centre  
 Council on the Ageing (Australia, ACT, NSW)  
 Energy and Water Ombudsman of New South Wales  
 Energy and Water Ombudsman of Queensland  
 Energy and Water Ombudsman of South Australia  
 Energy Consumers Australia  
 Ethnic Communities' Council of NSW  
 Financial Counselling Australia  
 Financial Counselling Victoria  
 Justice and Equity Centre  
 Northern Territory Council of Social Service  
 Queensland Council of Social Service  
 South Australian Council of Social Service  
 Sydney Community Forum  
 Uniting Vic/Tas  
 Victorian Council of Social Service



## Industry

AGL  
 Alinta Energy  
 Ausgrid  
 Australian Energy Council  
 Compliance Quarter  
 Energy Australia  
 Engie  
 Ergon Energy  
 Momentum Energy  
 Origin Energy  
 Powershop  
 Red Energy / Lumo Energy  
 SA Power Networks



## Other stakeholders

Dr Lee White  
 (University of Sydney)  
 and Brad Riley  
 (Australian National  
 University)  
 Dr Thomas Longden  
 (Western Sydney  
 University)



# We also received verbal submissions and feedback in meetings and stakeholder workshops

## Consumer organisations and ombudsman schemes

Anglicare Tasmania  
 Business NSW  
 Council of the Ageing Australia  
 Council of the Ageing South Australia  
 Energy and Water Ombudsman of Victoria  
 Ethnic Communities' Council of NSW  
 Financial Counselling Australia  
 Financial Counselling Victoria  
 Financial Legal Rights Centre  
 ICAN Learn  
 Justice and Equity Centre  
 NSW Advocate for Children and Young People  
 South Australian Financial Counsellors Association  
 Southcoast Medical Service Aboriginal Corporation  
 St Vincent de Paul  
 Tenants' Union of NSW  
 Thriving Communities Australia  
 Uniting Vic/Tas



## Industry

ActewAGL  
 AGL  
 Energy Australia  
 Origin Energy  
 Horizon Power  
 Aurora Energy  
 Recoveries Corp  
 Altogether Group  
 Ergon Energy



## Other stakeholders

ACT Environment, Planning and Sustainable Development Directorate  
 Elissa Freeman, Mark Henley and Georgina Davis (AER Customer Consultative Group members)  
 Queensland Department of Energy and Climate  
 Essential Services  
 Commission of South Australia



# We are grateful to stakeholders who shared relevant research, data and evidence for us to consider alongside their feedback

## Accessing payment support research



Uniting Vic/Tas shared the findings report for their recent qualitative research into the support received by energy consumers experiencing payment difficulty.

Energy Consumers Australia also referred to this research in their submission.

## Case study insights



EWON, EWOQ and EWOSA submitted an appendix of relevant case studies.

Financial Counselling Victoria, the Consumer Action Law Centre and the Australian Energy Council also included case study insights in their submissions.

## Debt and disconnection research



The Justice and Equity Centre shared an advance copy of their *Powerless: Debt and disconnection* research report. This multi-stage research project examined how NSW households are impacted by debt, disconnection and restrictions to energy and water services.

## Energy assistance research



The Consumer Action Law Centre shared findings from their energy assistance research and attached the full report with their submission. This research drew on analysis of 6 years of Victorian contacts to the National Debt Helpline.

## Insights from retailer data



AGL shared insights from their customer engagement data.

The Australian Energy Council shared data from Simply Energy's hardship program.

Powershop shared data on the impact of government grant assistance across jurisdictions.

A number of stakeholders also shared evidence in the form of further reading, including prior submissions and already published research.

**What did we hear?**

# Framework for the review

- Question 1. Do you have any feedback on the proposed approach for the review?
- Question 2. What can we learn from other approaches to strengthening protections for consumers experiencing payment difficulty?

# Stakeholders generally support the proposed approach to the review, with some suggestions to clarify and improve it

## Key points in feedback received

- Indicators may not reflect the full scope of payment difficulty due to **hidden payment difficulty**.
- Indicators must be considered in the context of broader **social change and cost of living pressures**.
- It is important for stakeholders to have a clear understanding of **how indicators will be used**.
- Specific **performance targets** should be set against key indicators, such as a decrease in the level of debt.
- **Additional indicators** should be considered, including indicators linked to objective standards.
- Indicators should focus more on **improving consumer outcomes**, including minimising payment difficulty.
- Indicators should be **interpreted with caution**, noting particularities in how data is reported.
- Assessment criteria should be transparently **weighted**, with consumer impacts prioritised.
- Protections and policies **earlier in the customer journey** (such as pricing and billing) should be considered.
- There are limitations of payment difficulty protections, with **broader reform or assistance** needed.
- There are parts of other frameworks that could be **learned from and successfully adopted**.
- Elements of the **Victorian framework** should be adopted in the NECF, with some improvements.
- **Minimum standards are an effective way** to ensure consumers receive a baseline level of support.



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# Stakeholders shared a range of examples from other frameworks for us to consider and learn from

- Consumer stakeholders believe that the **Victorian payment difficulty framework** offers effective protections for consumers experiencing payment difficulty, with scope for improvements. Retailers note positive aspects include the eligibility framework, minimum standards, communication obligations, engagement timeframes, and more support for accessing concessions. Negative aspects include that it is overly prescriptive, does not allow for tailored engagement, and the debt freeze can lead to increased debt.
- The new **Telecommunications (Financial Hardship) Industry Standard** is cited as another example of effective minimum standards.

## Australia



- **Ofgem's** priority support register model offers a number of benefits, including more tailored support.
- The UK also offers targeted bill relief during **extreme weather**.
- **Energy UK's** Vulnerability Commitment includes a commitment to never knowingly disconnect a customer in specific circumstances.
- In **Ireland**, retailers are expected not to disconnect a customer who may be at high risk.
- In **Catalonia**, disconnection of vulnerable households is prohibited and retailers must request a report from local social services before disconnecting.

## UK/Europe



- In **California**, there are different pricing mechanisms to reduce costs for low-income customers and address pricing complexity. For example, the CARE program discounts electricity bills by 30–35% and gas bills by 20% for low-income customers. They also recently implemented an income-graduated fixed charge with three tiers: concession card holders, customers on low incomes, and all other customers.
- We also heard that California requires randomised controlled trials prior to introducing novel tariff structures to support **analysis of expected impacts on consumer wellbeing**.

## North America





# Eligibility for payment difficulty protections

- Question 3. How adequate, effective and appropriate is the current eligibility framework for payment difficulty protections?

# Many stakeholders agree that eligibility for payment difficulty protections could be improved or clarified

## Key points in feedback received

- There needs to be a change to the **language and terminology** around hardship.
- Definitions should be **broad enough** to capture a range of circumstances and enable access to support.
- There should be **no distinction** between hardship and payment difficulty in the framework.
- There should be a **universal entitlement to assistance**, with additional support for customers who need it.
- There would be benefit in **adopting the eligibility framework** from the Victorian Payment Difficulty Framework.
- The **debt trigger** for tailored assistance in the Victorian framework is overly prescriptive.
- There should be a **range of triggers** that enable to access tailored assistance.
- Protections should account for the issues experienced by **different cohorts of consumers**.
- Protections should be extended to **prepayment meter, embedded network and small business customers**.
- Customers with debt should not be disadvantaged and should **remain protected when switching retailers**.



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# Identifying and engaging with consumers experiencing payment difficulty

- Question 4. How could the framework better support early identification of consumers experiencing payment difficulty?
- Question 5. How could the framework better support effective engagement with consumers experiencing payment difficulty?

# Stakeholders noted opportunities to improve identification by building on existing practices and initiatives

## Key points in feedback received

- Customers should not be required to **self-identify or contact their retailer** to access payment assistance.
- Consumers who do self-identify should **automatically receive assistance**.
- Consumers **should not have to provide proof** to receive assistance.
- **Objective triggers** to identify and initiate contact with consumers in payment difficulty would be beneficial.
- Tailored triggers are needed for **prepay consumers**, who do not accrue debt.
- **Prescriptive triggers** can result in accurate assessments and divert support from customers most in need.
- Rather than focusing on identification, retailers should assume that **all customers are potentially vulnerable**.
- **Staff training** in identifying payment difficulty is effective and much needed.
- **Data is an effective tool** in identifying consumers experiencing payment difficulty.
- Artificial intelligence can be beneficial in early identification but requires **human oversight**.
- Retailers differ in their ability to utilise tools like artificial intelligence, so these should be **excluded** from reform.
- Identification can be improved through **data sharing**, for example through a priority services register or CDR.
- Active **consumer engagement** is still required for any identification measures to be effective.



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# Stakeholders agree on the importance of ensuring consumers have access to appropriate information and support

## Key points in feedback received

- The role of a hardship policy should be to **inform customers** of the support available and how to access it.
- Hardship policies should also serve as a **comprehensive guide for retailers**.
- Hardship policies and information should be **informative, accessible, inclusive** and **consumer-centric**.
- Minimum requirements for what retailers must include in their hardship policies should be **expanded**.
- Communication contents and contact and payment channels should be **tailored for different cohorts**.
- Retailers should be able to use **tailored communication** that is flexible, responsive and staged appropriately.
- The framework should require more **proactive engagement**, which may include mandating voluntary guidance.
- **Scams** are a significant challenge in building trust and engaging with customers.
- **Engagement from customers** should be defined, with diverse forms recognised (such as ‘good faith’ payments)
- Alternative engagement approaches need to be explored for **prepay customers**, who do not receive bills.
- **Mandatory training requirements** are required to support better engagement and more consistent outcomes.
- Retailer staff must engage **empathetically** and non-judgementally with customers in payment difficulty.
- Retailer systems and processes should minimise the need for the customer to **repeat their story**.
- Retailers need **specialist hardship teams**, and dedicated support for specific cohorts would also be beneficial.



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# Assisting consumers experiencing payment difficulty

- Question 6. How could the framework better ensure that consumers experiencing payment difficulty are supported appropriately with assistance that is tailored to their individual circumstances?

# Stakeholders agree that customers need access to a range of assistance that is tailored to their circumstances

## Key points in feedback received

- The framework should adopt **minimum assistance standards** from the Victorian framework.
- There should be stronger requirements for retailers to offer a **broader range of assistance**.
- **Debt relief and payment matching** should be used more often, with clear guidelines for when they will apply.
- Debt relief and payment matching should not be mandatory but used in a **targeted way**.
- Retailers need to help consumers understand their energy usage and access **energy efficiency**.
- Consumers need support to access **concessions**, including automated concessions and assistance to apply.
- Support to **lower energy costs** should be provided before a payment plan.
- Payment plans should be established only with regard to a customer's **capacity to pay**, not arbitrary timeframes.
- **Debt freezes** have mixed outcomes and can result in increased accumulation of debt.
- The financial burden of assistance should be **shared across the energy supply chain**.
- Access to financial counselling support should be improved, with a **pooled industry fund** to cover costs.
- Better assistance for customers experiencing **ongoing payment difficulty** (such as social tariff) is needed.
- **Prepayment meter customers** also need more effective support, as 'friendly' credit just defers disconnection.



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# Ensuring disconnection is a last resort

- Question 7. How could the framework better ensure that disconnection is a last resort?



# Stakeholders suggested a range of opportunities to strengthen disconnection protections

## Key points in feedback received

- The **minimum disconnection amount** is too low and does not reflect current energy costs.
- Increasing the minimum disconnection amount could **delay engagement and lead to increased debt**.
- **Early engagement** is critical and there could be better early engagement and intervention requirements.
- Threat of disconnection is used as a **trigger to initiate engagement** and discussion with consumers.
- Disconnection threats **cause consumer harm** and should not be relied upon for engagement.
- There should be a minimum standard for **'best endeavours' engagement** and this could be required **earlier**.
- Disconnection engagement should use a range of contact channels and **provide information on assistance**.
- The **'two-strike rule'** for payment plans should be abolished.
- Retailers need **clear and unambiguous guidance** in relation to their disconnection obligations.
- Disconnection protections must take into account the growth of **smart meters and remote disconnection**.
- Disconnection should be **restricted** in more circumstances, including extreme temperatures.
- Retailers should be **required to demonstrate** they have done everything possible before disconnecting.
- There should be consequences for **wrongful disconnection and communication of disconnection**.
- Security deposits and reconnection fees are a **barrier to reconnection** and should be removed.



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# Costs and benefits

- Question 8. What are the costs and benefits of potential changes to the framework?

# Stakeholders agree on the potential benefits of harmonisation, but highlighted the challenges in realising these benefits

## Key points in feedback received

- Changes that impact operational, financial and direct assistance costs would **increase retailer cost-to-serve**.
- Changes could **reduce** retailer cost-to-serve where they support greater efficiency and effectively reduce debt.
- Change would incur significant costs to retailers and a stringent **cost–benefit analysis** should apply.
- Cost–benefit analysis should reflect the **essentiality of energy** and energy retailer profits.
- Cost–benefit analysis should place **more weight on the benefits** for consumers and society.
- Although there will be upfront implementation costs, the **long-term benefits** should outweigh these.
- **Other organisations** have a role to play, such as government, distributors and community organisations.
- **Harmonisation** would support better consumer experiences and outcomes, and reduce regulatory complexity.
- Although harmonisation could be beneficial, these benefits are lost if frameworks **diverge again in the future**.
- Effective harmonisation requires significant **alignment and collaboration** across jurisdictions and regulators.



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# Other feedback

# Stakeholders provided feedback on relevant topics beyond those specifically included in the consultation questions

- A number of stakeholders expressed support for the **Game Changer reforms** (including automated concessions and a shared funding pool), as well as ideas considered in the Game Changer but not included in the final package (such as a social tariff and priority support register).
- Some stakeholders emphasised the importance of **coordinating reforms**, including ensuring short-term changes align with long-term reform agendas and collaborating with the ESCV to deliver better outcomes, minimise costs, and ensure ongoing alignment.
- Some stakeholders noted the relevance of **broader reforms**, such as energy efficiency minimum standards and mandatory disclosure.

## Related reforms



- Stakeholders provided **positive feedback** on the engagement and consultation process undertaken for the review to date.
- Some stakeholders suggested that a **reference group** of consumer and industry stakeholders should be established for further consultation, particularly when it comes to designing any changes to the framework in detail.
- It was also suggested that the AER should conduct additional **workshops and forums** with a broader cross-section of retailer and consumer representatives to give feedback into the design of the framework.

## Consultation process



- Some stakeholders emphasised the importance of ensuring that relevant indicators are **reported and tracked**.
- Some stakeholders highlighted that ongoing **compliance monitoring and enforcement** is critical to ensure effective protections, including a suggestion to implement new processes for 'customer relationship audits'.
- It was suggested that the framework should encourage a **culture of continuous improvement** among retailers, with specific suggestions for accountability mechanisms. This included a recommendation similar to the existing action in our Towards Energy Equity strategy to explore ways to improve the use of retailer report cards.

## Implementation considerations



# Summary

# Most stakeholders believe there is a case for changes to the current framework



There is **strong support** for changes to the current framework among consumer organisations, ombudsman schemes and researchers.

*Although good outcomes are possible under the current framework, it cannot deliver them consistently and effectively.*



There is **mixed support** for changes to the current framework among retailers and industry stakeholders, as well as government stakeholders.

*There is room for improvement in some specific areas, provided the benefits outweigh the costs.*



Some retailers believe there is **no case for any changes** to the current framework.

*The framework adequately protects consumers. Improving consumer outcomes requires reform outside the energy sector.*

# There is most agreement on the need for changes to requirements for engaging with and assisting consumers



## ELIGIBILITY

There is **strong support** for changes among consumer organisations, ombudsman schemes and researchers, with **some support** among retailers and industry.



## IDENTIFICATION

There is **strong support** for changes among consumer organisations and ombudsman schemes, with **weak support** among retailers and industry.



## ENGAGEMENT

There is **broad support** for changes, including among consumer organisations, ombudsman schemes and retailers.



## ASSISTANCE

There is **broad support** for changes, including among consumer organisations, ombudsman schemes, researchers and retailers.



## DISCONNECTION

There is **strong support** for changes among consumer organisations, ombudsman schemes and researchers, with **some support** among retailers and industry.



# There is support for both principles-based requirements and more prescriptive approaches



There is **strong support** for more prescriptive requirements among consumer organisations and ombudsman schemes.



*Prescription supports greater consistency and ensures expectations are clear, measurable and enforceable.*



There is **support** for a combination of prescriptive and principles-based requirements among some consumer organisations and retailers.

*An outcomes-based approach with some prescribed protections encourages industry to act in the best interests of consumers.*



There is **support** for a principles-based approach among retailers and industry stakeholders.



*A principles-based framework allows for flexibility to adapt to changing best practice and specific consumer needs.*

# Next steps



If there is a case for change, next steps could include reviewing AER guidelines and instruments, submitting a rule change request to the AEMC, or advocating with Ministers and jurisdictions for legislative reform.

**Questions?**

# Thank you

If you have any questions or feedback related to this review, please contact the AER Consumer Policy team at:

**[ConsumerPolicy@aer.gov.au](mailto:ConsumerPolicy@aer.gov.au)**