



Review of payment difficulty protections in the National Energy Customer Framework

Brotherhood of St. Laurence

July 2024

Ensuring energy is affordable is crucial for households and their wellbeing. The Brotherhood of St. Laurence (BSL) welcomes this opportunity to comment on the Australian Energy Regulator's (AER) review of payment difficulty protections in the National Energy Customer Framework.

A national payment difficulty framework should ensure households who struggle to pay their bills can access real help that makes energy more affordable, reduces financial stress and facilitates control over future bills.

This letter presents key points we wish to emphasise regarding a national payment difficulty framework, drawing from our experience of the Victorian Payment Difficulty Framework, as well as the submissions to this process by the Justice and Equity Centre¹ (JEC) and Financial Counselling Victoria (FCVic).

1. Assistance should lower costs

One of the most useful forms of assistance for households struggling with bills is lowering the cost of energy, yet retailers often fail to provide this. The national framework should require retailers to lower costs as much as possible for households experiencing payment difficulty.

Energy costs are a function of prices and usage. In many cases, energy retailers can easily lower prices for households experiencing payment difficulty by lowering their rates, but do not. In the Victorian framework, retailers are not required to offer cheaper prices until the more intensive stage of assistance – a better system would involve earlier intervention and actively lowering customers' rates rather than only offering to.

The national framework should prioritise lowering rates for households in payment difficulty. If explicit informed consent is a barrier to formally moving offers, the AER should consider requiring retailers to provide an 'unconditional discount' equivalent to the retailer's best offer to consumers in payment difficulty.

Retailers can also influence energy usage by providing households with energy efficiency advice (or referring them to a third party to do so) and they should be required to under the national framework. This advice should link to existing grant programs.

¹ Formerly the Public Interest Advocacy Centre (PIAC).

2. Assistance should be proactive

The national framework should require retailers to proactively assist households. There are many reasons that people do not actively seek assistance, such as being unaware it is available, not knowing the ‘magic words’ that prompt retailers to offer assistance, being busy, fear, shame, and so on. Retailers should do more to overcome these barriers.

Retailers also possess a trove of data that could identify likely payment difficulties early, such as changes in usage or payment patterns, and should be encouraged to use this.

3. Retailers should be obliged to assist more with grants and concessions

Grants and concessions are available for households in payment difficulty, yet many retailers do not access them partly due to lack of awareness. Retailers should be required to offer much better assistance to claim these – as the Victorian framework has done. This is a win-win for retailers and households since retailers will receive the money and households’ costs will be lowered.

We also support the recommendations made by FCVic in their submission.

For further information or to discuss this submission, please contact:

Damian Sullivan
Principal
Climate Change and Energy, SPARC
Phone: [REDACTED]
Email: [REDACTED]

David Bryant
Senior Policy and Research Officer
Climate Change and Energy, SPARC
Email: [REDACTED]