

28 February 2022

Mark McLeish
Director, Strategic Policy and Energy Systems Innovation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Via email: ConsumerPolicy@aer.gov.au

Dear Mark

Consumer Vulnerability Strategy – draft for consultation

We appreciate the opportunity to provide a submission to the draft Consumer Vulnerability Strategy. The draft strategy is an important step in better supporting customers experiencing vulnerability to stay connected to essential services and avoid being further disadvantaged.

AusNet is a major energy network business that owns and operates electricity transmission and electricity and gas distribution assets located in Victoria. While retailers are typically the first port of call for customers when it comes to energy services, network businesses form an essential part of the 'energy chain' when it comes to delivering seamless energy supply to all customers, including those who may be experiencing vulnerability. Our interactions with customers are at key points in the customer journey, and arguably when they need us most (e.g. during an outage and moving between premises).

We support the development of the consumer vulnerability strategy and welcome its approach, objectives and focus. The energy sector is facing considerable change, with the take up of distributed energy resources and the traditional energy volume market transforming into a market of renewable resources.

It is important the customers are at the forefront of the transition, and for the transition to be managed in a way that does not allow customers experiencing vulnerability to be left behind.

Need for greater customer focus during the renewable transition

In recognition of this rapid change and the need for more customer focus, our customers have a greater voice in our decision making than ever before. In developing expenditure plans for our recent electricity distribution, electricity transmission and gas distribution price resets, we have sought to place customers at the centre of our planning process. This included the establishment of a Customer Forum for our electricity distribution reset, deep engagement with experienced customer advocates in our transmission reset, and extensive engagement with end-use customers, customer advocates and community service organisations in our gas distribution reset.

In a leading step for the industry, and with guidance from an advisory panel of experts from community organisations, we are incorporating a Priority Service Program (PSP) into our gas distribution expenditure plans for the forthcoming Access Arrangement review¹. The objective of the PSP is to provide specific support for those in circumstances that make them particularly reliant on their gas supply, or that have additional barriers to engaging with our services. Such circumstances are varied but may include customers in financial hardship, elderly customers, customers with a disability, family and domestic violence victims, culturally and linguistically diverse customers and others.

¹ The advisory panel of experts from community organisations includes VCOSS, Uniting, Safe Steps, CALC, COTA, EWOV, FCVic, Brotherhood of St Laurence, ECCV and St Vincent de Paul Society.

Maintaining the current hardship responsibilities and sharing information with distributors

As identified in the draft Consumer Vulnerability Strategy, the energy industry can face significant challenges and costs in addressing vulnerability. Tier 1 and other large retailers have put significant effort into delivering hardship plans that support customers in need.

We note that large retailers have formed valuable partnerships with community organisations like Thriving Communities to better support customers experiencing vulnerability. As a distribution business, our ability to provide specific support through our PSP would be greatly enhanced by sharing information with retailers and community organisations that work with the large retailers, subject to strict provisions to ensure its privacy. However, the current regulatory process does not provide us with access with information used to identify that may need these services. Not sharing means customers may face the burden of sharing their personal stories multiple times to access priority support.

Access to hardship, life support and other priority services arrangements

One issue not explicitly discussed in the consumer vulnerability strategy is the criteria for admitting customers to priority support. Customer advocates are concerned that the stigma associated with support programs, the difficulties presented by the burden of proof to access support, and that many customers experiencing vulnerability do not identify themselves as such are key barriers to the success of hardship programs. Broadening eligibility criteria and relaxing the registration processes for hardship programs is often suggested as a solution to these concerns, though such an approach may lead to a higher number of customer registrations. If there is finite funding available, and as the number of participants increases, organisations offering support programs may need to make trade-offs against the number of customers assisted and the level of support provided to program participants. In other words, balancing whether to provide a large number of customers with a small amount of extra support, or providing a small number of customers with a lot of extra support.

As we continue to prepare our gas distribution expenditure plans for the forthcoming Access Arrangements review, we will continue to discuss this question with our expert advisory panel, but would also appreciate any guidance the AER could provide in the Consumer Vulnerability Strategy to set the right balance between providing access and providing extra support.

The draft Consumer Vulnerability Strategy seeks information on other key issues and asks questions in respect to its 5 objectives. Our response to selected questions is included in Appendix A.

If you have any queries on our submission, please do not hesitate to contact Justin Betlehem on 03 9695 6288 or via email justin.betlehem@ausnetservices.com.au.

Yours sincerely

A handwritten signature in black ink that reads "C. Eddy". The signature is written in a cursive style with a horizontal line underneath the name.

Charlotte Eddy
General Manager Regulatory Strategy and Policy

Appendix A: Response to questions asked in the draft consumer vulnerability strategy

AusNet feedback	
Language/terminology	
<p>1. Recognising that some consumers would not identify with or respond positively to the use of the term 'vulnerability', do stakeholders have insights about consumer preferences for the type of wording or language the AER could use?</p>	<p>We have also found an aversion to the term vulnerability in our research and agree with the move away from this language. When working on forthcoming Gas Access Arrangement Review, we have opted to refer to a Priority Services Program. We adopted this language from the UK Priority Services Register. We haven't tested this language with customers, but it was supported by our advisory panel. It encompasses a broader range of reasons as to why someone may need to access additional support services, as opposed to focussing on the individual characteristics or circumstances.</p>
Objective 1	
<p>10. The AER is interested in understanding whether stakeholders already use a set of indicators to identify customers who may be experiencing vulnerable circumstances. What factors should we consider in developing this toolkit?</p>	<p>Currently the only information distributors have for identifying customers who may be experiencing vulnerable circumstances is by referring to registered 'life support' status.</p> <p>However, there is an opportunity for us to provide additional support to customers. Information identifying priority customers would need to be shared with us, or we would need to independently obtain this information. We understand from customer advocates that these customers only want to tell their story once.</p> <p>Recent changes in Victoria have meant that we do not receive any details for customers flagged in retailer systems as experiencing domestic violence. When a retailer registers a customer as experiencing these circumstances, they send transactions that remove any existing contact details for the customer in our systems. Without any contact name, phone numbers or email addresses we cannot provide electronic outage notifications or call the customer in the event of prolonged outage.</p> <p>In development of Priority Services Program, we are looking at providing specific support for customers in financial hardship, who are elderly, have a disability, experiencing family domestic violence and culturally and linguistically diverse customers. Whilst noting that we need to regularly review these categories to ensure we don't miss any groups who might need support. In developing our Priority Services Program, we have referred the United Kingdom's Priority Services Register (PSR).</p>

AusNet feedback	
Objective 3: Strengthen protections for consumers facing payment difficulties	
<p>13. Do stakeholders support the AER exploring options around improved engagement between energy businesses and consumers at risk of disconnections, such as knocking before disconnection? Are there other alternatives, options or practices that energy businesses are using to provide supports in this area? Do stakeholders support the idea of a further disconnection threshold review at this time?</p>	<p>AusNet supports the AER exploring options around improving engagement between energy businesses and consumers at risk of disconnections.</p> <p>We knock before performing a gas disconnection of a premises, where there are no concerns for staff safety. A significant number of gas disconnection service orders don't occur when we identify characteristics of vulnerability. We talk to the customer and advise them to contact their retailer, leaving the premise energised.</p> <p>However, we perform electricity disconnections remotely within minutes of a request after the retailer has gone through an extensive process with the customer. This saves substantial cost and safety benefits as there is no need to physically attend the site and these sites can be remotely re-energised also in minutes. AusNet no longer charges customers fees for remote re-energisation and disconnection services.</p>
<p>14. Are vulnerability impact assessments an approach that other sector participants should incorporate into their decision-making processes? We would like to learn from organisations that currently consider these impacts.</p>	<p>Yes, all sector participants can and should incorporate vulnerability impact assessments into their decision-making processes.</p> <p>We suggest incorporating more non-financial initiatives that could be important to the specific groups identified who may be experiencing vulnerable circumstances.</p> <p>One example is web content and notification readability. We consider readability and accessibility of our web content are important elements of providing a quality service to our customers and have taken steps to improve this.</p>